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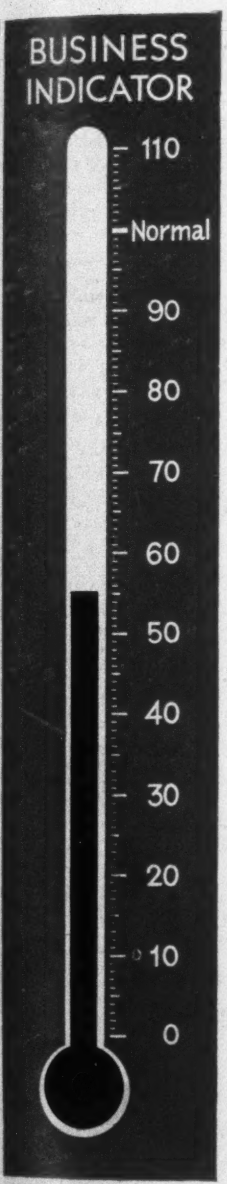
THE BUSINESS WEEK



The first part of October has presented the curious contrast of persistent improvement in most of the important business indicators and declining tendencies in security and commodity prices. While the business improvement in some cases appears to be continuing beyond the usual seasonal peak, stock and commodity prices have lost about half of their advance from the low point. . . . This is a striking illustration of the influence of purely superficial sentimental and political factors upon fluctuations in the speculative markets, as opposed to the fundamental forces which control the course of economic events during the process of business recovery. . . . Although the somewhat more than seasonal increase in business activity cannot be expected to carry on continuously through the winter at the same rate, the strength of the upturn has been impressive and the extent of improvement in basic banking conditions cannot be obscured by campaign confusions. . . . The slow but persistent unseasonal expansion of steel production, without signs of increasing support so far from the principal consumers, is specially encouraging as a suggestion that the basic industries are beginning to share in the recovery. . . . The record excess of bank reserves and unprecedented ease in money rates accompanying the plethora of unemployed investment funds all promise powerful revival of activity in the capital markets as soon as the political uncertainties of the next few months are past and business recovers its mental stability and its capacity for constructive planning.

20 CENTS McGRAW-HILL PUBL

The Truth About Newspaper Circulation and Advertising Rates

Circulation is a commodity. It varies in quality—it should therefore vary proportionately in price. If circulation is worth just so much per line per thousand, then automobiles, regardless of their horse power or what they can DO, are worth just so much per dozen; and cloth, regardless of whether it is made of silk, linen, wool or the cheapest shoddy is worth just so much per yard; and gold should be sold at the same price as brass or pig iron, and the whole purchasing system of business is wrong.

• • •

Circulation is made up of *people,* and people vary all the way from the professional panhandler, who asks you for "the price of a cup of coffee," to the one man in a million who, if he cared to, could buy your whole store or your factory output.

Yet under the present bulk milline system of buying circulation you pay about the same price for telling the story of your product to the old habituals that sleep under the bridge that you pay to tell it to the Junior League.

• • •

So much for this business of buying circulation on a basis of mere numbers. If mere numbers meant very much, China would be the greatest nation on earth and, instead of having the eagle for our national emblem, we'd probably have a swarm of mosquitoes.

• • •

Now—how about the practice of predating newspapers? Well, that too is being seriously challenged by buyers of advertising who, just now, happen to be unusually sensitive about their budgets.

Unfortunately news is one of those things that doesn't improve with age. As a matter of fact, when allowed to stand overnight it has been known to spoil. Yesterday's news is yesterday's news, no matter how boldly you mislabel it "today"; and the newspaper printed yesterday and arriving in Oshkosh today, no matter what date it bears, is certainly *not* today's newspaper—and, by the way, nobody knows it any better than Oshkosh.

• • •

But this discredited, far-flung newspaper circulation is just as valuable to the advertiser as duplicate circulation obtained by flinging frequent predated editions into the street, for no good reason at all. When you sell *the same man* a predated newspaper in the evening and then sell that same man again next morning practically the same paper and put him down *twice* on your circulation statement and, on top of that, charge the advertiser for *two customers*—but why get technical? It all adds up and, as they say in the alley—"circulation is circulation—so what the heck!"

All of which would be fine if it weren't for those annoying "memos" that keep coming up from the business offices of newspapers where such practices have been encouraged: "Cut down on expenses!" "No more premiums!" "No more subscription contests!" "Circulation got that way doesn't last anyhow! And why all these predated editions? Hold down on them! Incidentally what about this out-of-town circulation? It costs a lot of money to get it, and it costs more to hold it."

And thus you see imperative deflation has already set in; and when the froth is blown off newspaper space will, in truth, sell for what it DOES rather than on a basis of how much it heats up an adding machine.

• • •

Meanwhile The Chicago Daily News will go right on selling LIVE, HOME TOWN CIRCULATION . . . no predate . . . no Scatterville . . . CULLED AND 96% CONCENTRATED RIGHT IN THE CHICAGO MARKET. Chicago Daily News circulation never has been inflated and it never will be. And that's why Daily News uninflated circulation gives you greater results for considerably less money—ALWAYS—as evidenced by the fact that last month The Daily News carried more retail advertising in six days per week than any other Chicago newspaper carried in seven.★

★*Authority: Media Records, Inc.*

THE CHICAGO DAILY NEWS

CONCENTRATED QUALITY QUANTITY EVENING CIRCULATION

It Sells the Merchandise

National Advertising Representatives: GEORGE A. McDEVITT CO.
250 Park Ave., NEW YORK

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				Financial Advertising Offices	
CHICAGO	PHILADELPHIA	DETROIT	SAN FRANCISCO	NEW YORK	CHICAGO
Palmolive Building	Record Bldg.	New Center Bldg.	Monadnock Bldg.	165 Broadway	29 S. La Salle Street

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This Business Week:

New Products

An outstanding characteristic of business today is the hard-driving search for new products, something to keep idle machines busy, something to give a fillip to the market. Depending principally on their own laboratories, American corporations nevertheless are keenly interested in the new profession of scouting for patents all over the world, and the new effort to export them. *(p. 5)*

Among new products, an A-battery that "breathes air" runs a year without recharging. *(p. 5)* Refrigerator cars cooled by Diesel-driven compressors are making rapid headway. *(p. 6)* Japan, with lots of cheap silk, talks of making tire-fabrics from it. *(p. 6)* Vitamins, long so mysterious, become commercial. Vitamin A, most elusive of the important ones, is put on the market commercially. *(p. 6)* DuPont, developing an important new fertilizer element, makes the momentous decision not to seize the market for itself, but to play ball with established manufacturers. *(p. 6)*

Industrial chemistry still is interested in catalysts, mysterious promoters of reactions. But its attention is being diverted to "inhibitors," policemen of chemistry, preventing unpleasant aftereffects. *(p. 7)*

Two American manufacturers, at least, are sincerely impressed by the new British process for making cotton, rayon, or linen wrinkle-proof. They have taken licenses, sent for the British machinery, will offer goods about Jan. 1. *(p. 7)*

Marketing

Austin Western Road Machinery Co. and Cleveland Tractor Co. unite in a merchandise merger—another instance of a trend noted in *The Business Week* some time ago. *(p. 11)* Western Union-American Express find the scheme works well and, after a year of experience, expand it. *(p. 11)*

Fifth Avenue is well pleased with the cash register results of its Quality Week celebrated with its Silver Anniversary. *(p. 10)*

Recovery

With more banks paying their own way and some actually repaying advances, the R.F.C. gets a chance to confuse critics with a burst of self-liquidating loans. So far—and so cautiously—recovery is costing the government less than expected. *(p. 9)*

Rehabilitation

Business is helping itself to some reconstruction of its own devising. More about the Rehabilitation Corp. which makes a market for modernization. *(p. 8)*

Shoes

Newspapers have been talking about great gains in shoe production. August, it seems, was 'way ahead of July. Real reason: July was lowest in years, seasonal increase looked big in comparison. *(p. 11)*

Coal

Anthracite operators and miners haggle over wages; make slow progress, as predicted. *(p. 12)*

Ohio coal-carrying roads complete a cycle—they are back where they started from; everything is the same, except that all of them are getting less revenue. *(p. 12)*

Washington

Entertaining is the evidence being taken at hearings of the Shannon Committee, investigating government competition with private business. The government, it seems, will do anything from salvaging a ship to selling British-made silk pajamas to an officer's wife's cousin. However, not much will be done about these job-making services to voters. *(p. 16)*

Congress and the Treasury guessed that an increase of 1 cent in the fee for first class mail would yield $150 millions a year. The cent taught business men a lot of ways to deliver messages for less. Amendment is predicted. *(p. 16)*

Foreign

Breakfast coffee is assured. Brazil has ended the civil war; the port of Santos is open. There's lots of coffee. Rio says it will be marketed a little at a time. The world is a bit skeptical, but is no longer worried. *(p. 26)*

Someone brought up the question of dumping. Someone else asked for a tariff. Steel, tuna fish, rubber-soled shoes, asbestos—all are in the controversy. Makers of another 60 products are ready to demand theirs. Washington is faced with a problem of principle. Its reply is important. *(p. 24)*

Imports are often taxed; seldom exports. Britain has acquired the tariff habit. Used textile machinery sold abroad has become a menace to the British industry at home. London will try to end exports by prohibitive duties. *(p. 26)*

Germany sees signs of industrial pickup; employment improves; iron and steel are more active. Britain's labor troubles mount, wear down optimism. The Scandinavians turn from German to British markets. Italy and Holland may slap back at Germany's import quotas. Central Europe gets a credit extension. *(p. 28)*

Figures

Steel production still expands slowly, waiting for that happy day when motors start work on their new models and rails begin to patch up their old road beds. Anthracite is up over a year ago, bituminous catching up. Carloadings may be at the peak. Check payments rose sharply outside New York. Commodity prices reflect the general uncertainty. September department store sales show more than seasonal gains. *(p. 32)*

It's hard for a Hungry citizen

to be a Good CITIZEN

THE boy whose stomach is empty cannot be expected to do good work at school. Babies undernourished through another winter may be handicapped by frail bodies through life. The hungry father of a hungry family is hardly the man to seek employment with persistence, or to do well on the job when he gets it.

Before you can save a man's soul it is often necessary to feed his body. You have no right to expect the civic virtues of patience, courage and honesty from starving, freezing men and women. If they preserve a just attitude towards the laws of the city in which they live, it is a miracle.

This winter, as never before, it is the duty of all who are well-clad, well-housed, and well-fed to help the less fortunate. The fact that you gave last year, and the year before, does not lessen your responsibility. The fact that you cannot afford a large contribution must not deter you. The upturn of business with a gradual improvement of economic conditions does not remove the crisis of this moment. Emergency appropriations by the federal government amount to $300,000,000, but they meet only half the increased national needs for human relief.

The rest is up to you!

How will your dollars be used? First of all, they will feed the hungry, and relieve the absolute want of the unemployed.

They will be used, also, to take care of the sick and aged. They will help to maintain hospitals, orphanages and schools. They will make possible clinics and visiting nurses.

The dollars you give are invested in the forces of civilization right in your community!

WELFARE AND RELIEF MOBILIZATION, 1932

The Welfare and relief Mobilization for 1932 is a cooperative national program to reinforce local fund-raising for human welfare and relief needs. No national fund is being raised; each community is making provisions for its own people; each community will have full control of the money it obtains.

Give through your established welfare and relief organizations, through your community chest, or through your local emergency relief committee.

Newton D. Baker, Chairman, National Citizens' Committee

This winter, as never before, support your local Community Campaign

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending October 15, 1932

Industrial Scouts Search Out New Products for Idle Machines

Research departments under pressure, while patent hunting becomes a profession

AMERICAN industries are eagerly seeking new products and processes, more eagerly, it is probable, than ever before. The reasons for their zeal are obvious enough—they hope to find work for idle machines; they hope to find something new that will stimulate a sluggish market; they hope to cut costs.

For the most part, this search goes on in the engineering departments of industrial corporations. It is always going on, in good times and bad, but the depression has increased the pressure. Recent surveys indicate that a surprisingly large number of corporations have not decreased, have even increased, engineering and research staff's since 1929; those which have cut down personnel, there is good reason to conclude, have let go for the most part engineers charged with supervision of routine operations, have retained the men who are engaged in research and design.

Food Industries Alert

The National Research Council has not completed work of compiling results of its survey of the 1600 companies maintaining research laboratories, but it has published its findings with respect to certain industries. In the food industries, 75% of the reporting companies either made no change or increased their expenditures for research between 1929 and 1931. *Food Industries* lists 22 important results of research that have taken the form of commercial production within a short time—beginning with tomato juice, through electrical pasteurization of beverages to the production of milk with desired quantities of Vitamin D.

Most new products originate in this way, but there is nevertheless an important proportion which come from the laboratory of the independent inventor, or which are scouted out abroad. The hunt for new things abroad which may be manufactured here has been intensified in the past two years.

Every great manufacturing corporation has its own scouts combing the patent offices of this country and of Europe. Standard of New Jersey found hydrogenation for itself: Du Pont, Cellophane.

Editors' Aid Enlisted

No opportunity is overlooked. Editors of technical papers received a few weeks ago a letter from a consultant stating that "one of America's leading manufacturers is searching for new products to manufacture. He believes the technical press may be in touch with investors, or smaller manufacturers without adequate facilities to promote new products, and bespeaks cooperation."

Scouting for new ideas and products has become a profession, and manufacturers with surplus production capacity are paying annual retainers for expert scouting service.

Under one setup the scouts start out with a survey of the plant's history, management, financial facilities, production facilities and equipment. Then they comb the country for ideas, products, or projects that fit in with the present abilities and past experience of their client. The scouting organization takes no fees, commissions, or royalties from any source other than the client for whom the search is made.

Advantages of Scouting

Manufacturers who have employed scouting organizations find the plan has important advantages, not readily obtainable otherwise. Chief of these is the fact that they are not known as principals until the final closing of a transaction. They have the benefit of an expert sifting of various propositions which does not involve serious time losses to busy executives. Before they are called upon to consider any particular idea it has already been passed upon by experts as fitting in with their known plans or preferences.

Professional scouts of various kinds have sprung up. When affairs grew dull in the securities underwriting field, numerous Wall Street firms turned to this interesting and sometimes exciting business.

One of Wall street's venerated figures interested himself in a corporation which seeks out foreign processes and products, and brings them to America, either organizing a company to carry on domestic manufacture, or arranging for sale of American rights to an existing company.

Another highly reputable firm, headed by a distinguished engineer, undertook, for a fixed fee, to find products here or abroad that could be made on the existing, but idle, machines of any American manufacturer. This was fairly successful, but now the basis of operation is slightly changed—on a fee basis, the patent offices of the world are searched, and an engineer's report on new products and new processes is sent to any subscriber—to all soap manufacturers who subscribe instead of to one soap manufacturer who used to buy exclusive service.

Bring Europe's Patents Here

All of this is background for the recent announcement that the A. G. fuer Amerika Interessen, a group with important connections abroad, is entering the business of patent interchange, undertaking to find markets in America for European patent rights, and in Europe for American patents. B. Lilienthal asserts that 1,000 European manufacturers in Germany already have authorized the A.G. to act for them here.

Initiative, heretofore, has been on the side of the would-be purchaser, seeking new products. The new group reverses this; here are would-be sellers seeking a market.

New Radio A-Battery Runs Year on One Charge

AN "A" battery than can be shipped dry, and which will supply filament-lighting current for the average radio set for a year without recharging, is now being marketed by National Carbon

Co. Market is in unwired rural sections, where radio sales have been balked because dry cells will not last long in the A circuit, and the ordinary wet battery has to be hauled frequently to the nearest wired town for recharging.

The new battery is air-depolarized—a carbon cathode "breathes" from the air the oxygen required to prevent polarization of the cell in operation. These air cells are shipped dry, the porous cathode sealed with cellophane and the vent sealed with a diaphragm easily pierced. Filled with water through this vent, the battery is ready for service in the 15 to 30 minutes required to dissolve the caustic soda electrolyte. The anode is amalgamated zinc.

DuPont Develops New Product, Sells It Through Old Channels

E. I. du Pont de Nemours & Co. has just adapted one of its largest chemical plants to the manufacture of urea—the first commercial production in the United States of this highly valuable fertilizer material.

Supplies hitherto have been imported from Germany in solid form; the material has been expensive, has not found a wide market. Du Pont will market its new product as urea-ammonia liquor, essentially a solution of crude urea in ammonia liquor, to be shipped in tank cars to fertilizer manufacturers, some of whom have been running factory-scale tests for a year. This method of marketing is doubly interesting—to chemical engineers, as an ingenious answer to a difficult transportation problem, to business men as a major decision in sales strategy.

Not According to Prophets

Some of the prophets of business have been fond of saying that eventually, and soon rather than later, the fertilizer industry was certain to undergo revolution. When the shooting was over and the smoke had cleared away, said the prophets, the industry would be found completely in the control of the great chemical companies. Their advanced technology, their control of essential raw materials, the increasing dependence of the industry upon synthetic materials, it was predicted, would give them an opportunity for conquest which they would be sure to seize, as a necessary consequence exterminating the old time fertilizer makers who work, chemists scornfully say, with "cook book recipes."

Du Pont apparently doesn't agree. It has, instead, deliberately chosen not to try to pre-empt the field, but to line up with the established fertilizer companies.

Advantages of the new product in the manufacture of fertilizer are several. It packs extremely high nitrogen content in small volume. The concentrated liquor is a source both of inorganic and of organic nitrogen, and in the ratio in which they are found in many complete fertilizers. Physically, the liquor prevents caking of fertilizers, and conditions them so rapidly that they may be shipped within a week of mixing. To the farmer, the advantages are low cost, easy application, and high availability—i.e., the fertilizing elements are readily absorbable by plant life.

Diesel Refrigerator Car Makes Rapid Progress

"Iceless" refrigerator cars are making rapid progress. Newest type is cooled by Diesel-driven compressors. Developed in 1930, a few were put into commercial service last year. Between 50 and 100 will be built and in service by the end of 1932.

Safety Refrigeration, Inc., offspring of Safety Car Heating & Lighting Co., gives impressive statistics on its "iceless" cars: 100 million pounds of perishables worth $30 millions handled in 3 years; losses, $10,000; average distance for each car, 1800 miles. Safety originated the Silica-Gel car in 1925, still operates 86 of them, is turning to the Diesel type.

Advantages of the mechanically refrigerated car are that the apparatus occupies less space than bunker ice; the refrigeration is more perfect; cars can be loaded heavier; switching costs are greatly reduced because, instead of being switched for icing every day, the mechanically refrigerated car needs refilling (with ordinary furnace oil for the Diesel) once in 30 days. As an instance of increased capacity, an iced car will load 511 boxes, 51 lb. each, of pears; the Diesel car takes 855 boxes. Charges per car are higher than ice, cost per package carried is lower. Losses are low.

Beginning with the transportation of quick-frozen packaged fish from the Atlantic seaboard to the Middle West, the corporation has developed its service to cover 75,000 miles of railroad. Every 36 to 40 hours on the road, an inspector checks the apparatus and takes a record of the temperatures from a tape.

The Diesel's clutch is thermostat-controlled; the 2-cylinder compressor operates when the temperature rises above a certain point, stops when the car is cold enough. If the car gets too cold, the Diesel shunts its jacket water from the cooling coils to heating pipes under the car floor.

Japan's Surplus Silk May Become Tire Fabric

Japan has too much raw silk. For several years the government has sponsored the buying of silk from the farmers with the thought that marketing might be more systematic, prices more stable. This summer, when the surplus of silk exceeded 100,000 bales and the market was still declining, plans were definitely made to remove old stocks from the market completely.

Newest plan for the utilization of this silk is in tire fabric. The government is making tests with the new material. Results are not yet definite.

At the same time, the usefulness of silk cloth for the manufacture of banknotes is being investigated.

Officials of Japan's major silk association have carried on experiments with new materials made of silk but copying wool in weave. It was hoped that some material might result which would popularize the use of silk in European-style men's suits. A number of Japanese officials have encouraged the plan by wearing clothing made of the new materials. So far, success has not warranted large-scale production.

Mysterious Vitamin A Becomes Market Product

Vitamin A, in nature found principally in cod liver oil, other fish oils, yolk of egg, and in minute quantities in certain vegetables, has reached the market in concentrated commercial forms. S. M. A. Corp., Cleveland, offers it as crystallized carotene, as a solution in bland oil, as a combination with cod liver oil.

Vitamin A promotes growth and general well-being. It is one of the most important; any deficiency results in serious ravages. First demand for the commercial concentrate will be from physicians.

The process consists of drying alfalfa, spinach, leaf lettuce, squash, pumpkins, carrots, sweet potatoes, or other raw material, then extracting the carotene with a fat solvent, as chloroform or petroleum ether, and finally evaporating the solvent to leave crystals.

It is suggested the concentrate eventually may be used to color butter, giving at last some validity to the popular prejudice that yellow butter is better.

Two American Firms Buy Creaseless Process Rights

Two American concerns, Pacific Mills of Lawrence, Mass., and Sayles Finishing Plants, Inc., of Saylesville, R. I., have acquired license from Tootal, Broadhurst, Lee Co., Ltd., of Manchester, England, to produce in the United States the creaseless fabrics developed by the English concern. Machinery is on its way from Britain.

Through Sayles, which is a custom finishing plant, any textile manufacturer may have the creaseless finish applied to his cloths.

Pacific Mills will not apply the new finish to its old lines, but will develop new fabrics and patterns for creaseless processing, which consists of impregnating the fibres with a resinous substance that makes them springy, is said to withstand laundering, to increase weight and wear, and to some extent to reduce shrinkage. The cost is currently estimated to run not in excess of 5¢ a yard.

The market expects to see offerings about Jan. 1.

Originators do not claim the process will absolutely prevent wrinkling but they do say it will impart to cotton, rayon, or linen the wrinkle-resistance of good worsteds.

Enthusiasts regard it as the most important development in textiles since the advent of the mercerizing process.

Old Catalyst Hunters Load Test Tubes Now for Inhibitors

INDUSTRIAL chemistry has made and is making great strides in the discovery and use of catalysts. A catalyst is a substance which takes no part in a chemical reaction, that is, does not itself change, but greatly facilitates the reaction by its presence. It is the business executive of chemistry; it gets the work done just by being around.

Newer is the inhibitor. The inhibitor does not take part in or upset a desired chemical reaction, but prevents undesired but hitherto unavoidable aftereffects. It is the cop on the premises. Laboratories have been busy in research along this line and numerous commercial applications are beginning to appear.

Most recent, the Universal Inhibitor, announced by Universal Oil Products Co., owner of the Dubbs cracking process for gasoline. Cracked, anti-knock gasolines have a bad habit of forming gum—the longer they are stored, the more gum. A gallon of Universal Inhibitor added to 100 barrels of freshly cracked gasoline will prevent the unsaturated hydrocarbon molecules from uniting with oxygen from the air.

To Check Corrosion

Much new work also is being done in the prevention of corrosion, perhaps the most important field in which inhibitors may be used.

Particularly successful has been the development of compounds which retard the aging of rubber. In cured rubber, 0.5% absorption of oxygen decreases tensile strength by 50%. The rate of absorption can be greatly decreased by use of inhibitors.

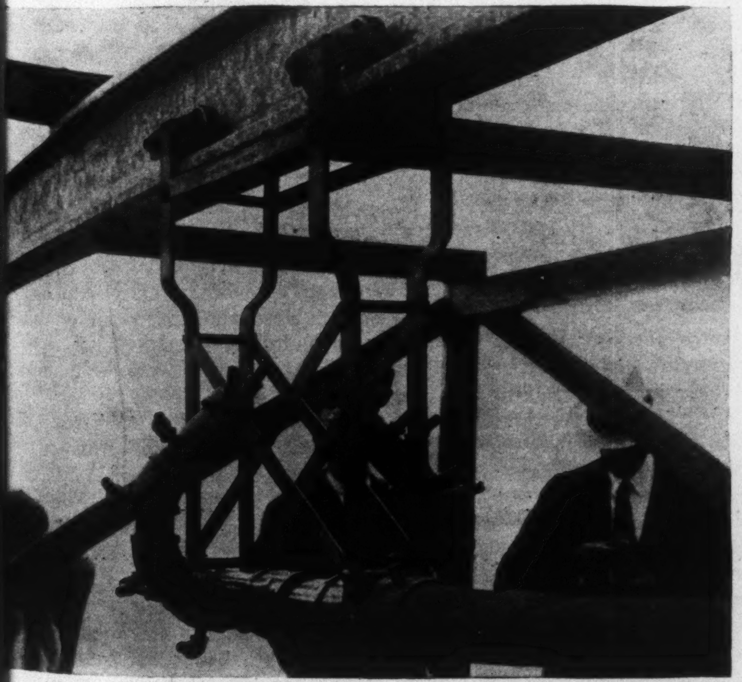
Newer is the discovery of several inhibitors to prevent the deterioration of transformer oils.

Considerable work is being done on paint and varnish. Final solution may be the application of a coat of inhibitor after the surface has hardened instead of mixing it in the paint or varnish.

Progress is being made in the development of inhibitors to protect silk against light, heat, and atmospheric action, and dyes against fading.

Adds Noise Control To Steel Production

AMONG the 300,000 tons of fabricated steel products that the Truscon Steel Co. of Youngstown, O., turns out in a normal year are many tons of steel roof-decks and window frames. In a year that is not so normal, Truscon, like other alert concerns, has sought new



Halbran

PIER FIRE FIGHTER—*When the Cunard Line pier caught fire this summer, it was destroyed because firemen could not get a stream underneath the structure. William Conran believes he has solved the problem with his 26-stream nozzle traveling on a monorail suspended beneath the pier floor* products, preferably low-priced ones, to quicken languid markets, broaden the sales appeal. Logic and the current interest in sound-control have suggested the Ferrocoustic Roofdeck and the Silentaire sound-excluder for windows.

The new roofdeck combines standard Truscon steel construction with standard acoustical board to provide an economical type of acoustical correction and sound absorption for auditoriums, gymnasiums, etc. Silentaire is a metal or metal-and-glass ventilating unit designed to slip under the raised sash of any type of double-hung window so as to let in the air and keep out the street noise. Installation is a one-man, one-minute job. Controlling sound-absorption through construction design rather than by mechanical means, the new unit is priced to tap the economy market.

Business Show Reveals Interest in New Products

In no field is the search for new products better exemplified than in office appliances. Men in the industry say more new products have been developed and put on the market in the past 2 years than in any similar period.

Business men had a chance to verify the truth of this assertion this week at the National Business Show, in New York, in which 40 exhibitors showed accounting machines which do their own thinking, recording devices that keep accurate and permanent charts and tabulations of everything from the efficiency of machines to the comings and goings of employees, bookkeeping machines that accumulate 20 totals and post huge ledger sheets, automatic weighing devices, and, as usual, startling improvements in duplicating devices and communication systems.

Wide World

"National Transportation Committee"—*That, announces Chairman Coolidge, is the name of the group representing railroad stockholders which will study all phases of transport, make its report while Congress is in session. Seated are Calvin Coolidge and Alfred E. Smith. Standing, Alexander Legge, Dr. Harold G. Moulton who will conduct the investigation, and Bernard M. Baruch, vice-chairman*

Business Tries Its Own Hand At Reconstruction Financing

Owners of outmoded buildings who can't afford to spruce up their properties are being aided in this form of tenant attraction by makers of materials cooperating with the new Rehabilitation Corp., New York (*BW—Oct8'32*). The organization's architects, engineers, real estate consultants tell the client what ought to be done, financial allies lend the funds with which to do it. Manufacturers of those many items which go into building modernization are watching the experiment eagerly, hope it will develop a formula for selling an estimated $2 billions of needed supplies throughout the nation.

Bankers and bondholders have racked their brains for methods of rescuing projects of the high-cost boom period. It is the competitors of these—the older apartment houses, hotels, office buildings which Rehabilitation Corp. segregates for its endeavors. Little or no new building of this type is now needed. The problem is to put existing properties back on a paying basis.

Sponsors of the new company are Anaconda Copper, Crane Co., American Brass, First Bancredit Corp., St. Paul. Cooperating are Otis Elevator, United States Rubber, Johns-Manville, Devoe & Raynolds, Westinghouse Electric & Manufacturing. Obviously the manufacturing concerns see here potential sales of their wares. First Bancredit with Commercial Investment Trust will furnish the money.

Owners and mortgagees are sold on the proposition that investments in modernization now, when costs are at fantastic lows, can be retired out of increased rentals. In addition, the profitable life of the building is measurably extended. In many cases low original costs of lots and structures, proportionate lightness of debt burdens, enable the revived properties to quote rent figures below the reach of more recent buildings. Results of operations in the Eastern territory will decide whether activities will be extended. A test in Wilkes Barre, Pa., promises well.

There was here a 32-year-old apartment house about to perish in competition with newer buildings. It was operating at an annual $25,000 loss. The owners were considering demolition to save taxes and insurance. The Rehabilitation Corp. came to the rescue. A Victorian elevator was displaced for a modern installation, apartments were reduced to fewer rooms, new bathrooms with attractive tile and fixtures were added, dark and narrow halls eliminated, electric fixtures of the gay nineties removed for up-to-the-minute designs. By spending $110,000 the building passed from an almost empty status to 60% occupancy. (Leases were made far below figures quoted by competing apartment houses.) If tenancy can be raised to 90% the building will make an annual profit of $40,000.

Financing of such projects is furnished on a deferred-payment basis with monthly charges small enough to be easily met through savings effected and increased revenue. Obligations must be cleared within 3 years. The financing is split 50-50 between First Bancredit and C. I. T. On the present set-up $40 millions of business can be cared for. L. M. Lilly, head of First Bancredit, is president, Spruille Braden is vice-president and general manager.

With Bank Demands Easing Off, R.F.C. Speeds Up Work Loans

If present policies continue, the strain—like the relief, say critics—will be less than expected

With demands for assistance of banks and other financial institutions falling off sharply, R.F.C. loans for self-sustaining construction projects have been speeded up. Besides 2 small advances totaling about $700,000 to Ogden, Utah, and Prescott, Ariz., for water supply improvements, and one of $5,784,000 for flood control work on the Rio Grande, the corporation last week made its largest loan so far, $62 millions to California for construction of the 4½-mile bridge across San Francisco bay, to be the largest bridge in the world, costing $70 millions.

Jobs for 14,000

The Rio Grande project is expected to provide work for 2,200 men for 3 years, while the bridge will employ in direct and indirect labor about 12,000, and require enormous amounts of materials and equipment which the corporation listed in impressive detail. Last week's loans for self-liquidating projects bring the total of advances of this class to a little over $120 millions. In addition the R.F.C. authorized a work loan of $700,000 to the New Haven for repair of equipment, which will employ 400 men for 6 months.

Whether or not this sudden spurt of activity is in response to the growing criticism of its delay in using its resources to stimulate employment more promptly, indications are that such criticism is not likely to slacken during the open campaign season. There have been some questions prompted by political cynicism as to why so large a part, over $100 millions, of the loans so far made have gone to California projects. Some localities, particularly New York City, feel slighted, and this feeling has been intensified by difficulties that have arisen in negotiations over the Hudson River tunnel project, which served so long as the exemplar of the self-liquidating loan principle.

Here the interest rate has been a bone of contention between bankers, the Port of New York Authority sponsoring the project, and the R.F.C. The latter wants 5%, the rate it fixed on the San Francisco bridge 40-year bonds, while the Port Authority, asking a short-term loan, thought it should get the money for 2½% or 3%. Banking interests who had participated in floating bond issues for the other Hudson tunnel and the George Washington bridge also objected to a rate lower than 5%, on competitive grounds, and finally have opposed the project altogether unless they can get a lien on the income from the new tunnel to protect the revenues of the old one and of the bridge, which they feel would suffer from the new competition.

Similar controversy over interest rates is said to be delaying R.F.C. support for slum-clearance projects in New York City. Plans for housing developments there are complete, but the R.F.C. is asking a high interest rate and offering what is considered by the sponsors as an inadequate part of the funds required, while competitive real estate interests are opposing the projects.

Repayments Increasing

To offset what it felt might be the unfavorable effect of publication by the Clerk of the House of its report of August loans to banks and other financial institutions, the R.F.C. made public figures showing that, from nearly $300 millions in June, loans to banking institutions fell to $171 millions in July, $142 millions in August, and $62 millions in September. There are indications from the Treasury statements also that repayments of loans previously made have been increasing. On some days in September and early in October repayments have exceeded disbursements. Such repayments are almost wholly from bank loans made, and indicate partly an improvement in the banking position and partly the effect of the 5½% interest rate charged for the loans, which make the banks eager to repay them as soon as possible in view of the difficulty of earning that much on the money under present money market conditions.

Treasury Issues Help

Another curious factor in stimulating such repayments of R.F.C. loans has been the abundance of new Treasury security issues and the keen market demand for them. Banks borrowing from the R.F.C. have subscribed heavily to these new issues, obtaining large Treasury deposits thereby. By pledging other securities for these deposits, they have been able to sell the new Treasury issues in the market at a profit and use the proceeds to pay off the R.F.C. loans. Treasury deposits in banks are almost twice the normal amount, so that in effect the Treasury has been lending R.F.C. debtors money at a comparatively low interest rate with which to pay off R.F.C. loans.

Although the credit structure that has been built up around the Treasury, the R.F.C., and the banks is thus becoming quite complicated, the net result as shown in the Treasury statement of actual net outlays for R.F.C. loans to banks is reassuring. If this tendency continues, the R.F.C. promises to put less strain on the fiscal position of the federal government than was expected by some pessimists.

Holding Back for Winter

Unemployment relief loans continue to be doled out parsimoniously, the R.F.C. plainly anxious to conserve these relief resources for a hard winter and avoid an invitation to Congress to increase the appropriation for this purpose. The agricultural credit corporations will not create a great drain on R.F.C. resources, for it supplies only the initial capital, and livestock or other paper made by the corporations can be rediscounted through the intermediate credit banks or Federal Reserve system. Although organization of these corporations has gone far, the first livestock loan was made only last week.

Except for active organization of local groups throughout the country to promote the program of the industrial rehabilitation committee, little is being heard of the work of the other parts of the machinery of banking and industrial committees. So far, purchases of railroad equipment with assistance of the financing corporation set up by manufacturers for this purpose have been inconspicuous, but there was talk last week of the Chicago & Great Western buying 10 locomotives and some cars.

Sunwise Turn in Home-Building Helps the Construction Curve

AFTER a long deflation that antedates the depression, residential building is swinging tentatively — perhaps significantly—up again. July marked the turn. That month's awards of residential contracts totaled $19.7 millions. August's rose to $20.8 millions. September's to $22.8 millions.

Such gains are badly needed. The record for the first 9 months of 1932 is a big 66% under that for the same period of 1931 and, while part of the drop may be accounted for by the decline in building costs, a comparison of square feet of construction adds little rosiness to the picture.

All residential building in the 37 states covered by the F. W. Dodge reports aggregated $226 millions in the first 3 quarters of the year compared with $669 millions in the same months last year. Authorities estimate that the current rate of construction will add only 65,000 new family units for the entire year—which just about replaces the structures destroyed by fire.

Few Apartments Built

Apartment house construction has undoubtedly suffered most severely. In the first 8 months of 1932, this class of residential accommodation declined 88%; from nearly $179 millions to little more than $21 millions. Housing developers found little incentive to expand operations this year, cut their activity 74% or from $106 millions to $28 millions. One-family dwellings, which comprise the most important group of the residential total, declined 55%, or from $286 millions to $128 millions. In 2-family structures, the decline equaled 64%, dropping from $33 millions to $12 millions.

Even the volume of public works, heralded as the essential force to break the backbone of the depression, totaled little more than half of last year's contracts. In the first 8 months, these contracts were valued at $313 millions compared with $684 millions in 1931. September awards probably added $60 millions to this sum and represents the peak month of the year. This group has also experienced a steady expansion of activity since July.

Public utilities cut construction in the 8 months of 1932 to $52 millions from $219 millions in 1931.

Non-Residential Figures

Building for non-residential purposes has fluctuated between $33 and $58 millions a month, with the last quarter destined to follow a downward trend. In the first 9 months, contracts awarded totaled $397 millions, a 56% decline from the $904 millions of the same period of 1931.

Public buildings reflect the efforts of governmental employment stimulus, declining but 28% from 1931, and ranking second in importance to commercial structures in volume of awards.

Construction of all types in the 37 states in the first 9 months of 1932 was valued at slightly more than $1 billion, against $2.6 billions in 1931. This indicates a total for the year of approximately $1.3 billions compared with $3.1 billions in 1931, a decline of 59%.

"Merger Unemployment" Carries Discharge Pay

WHEN Midwest Refining Co. recently transferred its assets to Stanolind Oil & Gas Co. and Standard Oil of Indiana, it was unable to transfer all of its workers with them. This was to be expected. "Merger unemployment" is a familiar economic phenomenon antedating the depression. Less to be expected—except by those who know Midwest—is the provision for displaced workers which the company now announces.

All those released will receive an extra half-month's wages plus 1 week's pay for each year they have been on the company's rolls. For men over 45 and women over 35 who have been Midwest employees for more than 10 years there will be an additional week's pay for each year of service. This program will cost the organization about $200,000.

Heavy Buying, Rising Silk, Help Hosiery

HOSIERY mills are celebrating an upturn of business by running full time and by raising prices 50¢ to $1.50 a dozen. Most of them are said to have unfilled orders which will keep them going for a month to 6 weeks, and even so, they believe a second wave of buying is imminent. September brought almost the largest volume of sales in the history of the industry.

The explanation seems to be that during the summer the manufacturers met the hand-to-foot buying of the trade with exactly the same tactics of their own. Mills were shut down a good share of the time, refused to build up stocks of stockings. Now there is something of a scramble to secure deliveries.

At the same time, rising prices of silk give inventory profits instead of the write-offs which had become a sad habit.

Fifth Avenue's Test Backs Quality Appeal

MERCHANTS along New York's famous Fifth Avenue, who cooperated in staging Quality Week, on the Avenue's Silver Anniversary of its rise to shopping preeminence (*BW—Oct12'32*) are totting up the net results and find them highly satisfactory. Factors contributing to the effectiveness of the event were: (1) a mass attack in advertising; (2) emphasis on quality rather than low price; (3) avoidance of exaggerated claims; (4) offering of full assortments in styles, sizes, colors, etc., of articles shown.

James McCreery & Co. combined Quality Week with its 75th anniversary celebration; it reported healthy sales increases, especially in women's ready-to-wear and rugs. Arnold Constable & Co. and Saks-Fifth Avenue found increased interest in better grades of merchandise. Russek's, Mark Cross, Black, Starr & Frost-Gorham, W. & J. Sloane and many other internationally known shops declare that Quality Week completely justified expectations.

Manufacturers found in the event proof of their contention that retailers who will carry sufficient stocks and aggressively sell them at profit prices will improve conditions all down the line from original commodities to the consumer. Merchants in other cities are considering duplicating the experiment. There has even been talk of a national Quality Week drive.

That Improvement in Shoes Is Just a Seasonal Affair

PROSPERITY hunters, mindful of the necessity buying which helped textiles, saw in the upturn in shoes evidence of the same corner-turning force. Shoemakers and sellers wish it were true, tighten their laces to fight falling purchasing power with better shoes at lower prices.

Probably responsible for the enthusiasm was the rise in August production which was exaggerated by its height above the record low of July. Department of Commerce figures credit August of this year with some 28 million pairs. July saw an output of only 20,-37,942 pairs, lowest in years. August of 1931 totalled 33,475,000 pairs against July, 1931 production of 28,-14,210 pairs.

Individual companies have some basis for individual optimism. W. H. Moulton, president of International Shoe Co., says that since the middle of August, his company received 35% more orders than in the same period last year. One day's totals beat everything since the boom days of '29.

Some manufacturers have raised prices slightly to compensate for increased leather costs. Endicott Johnson advanced them 2½¢ to 5¢ a pair in mid-September. Brown Shoe and Hamilton Brown made the same increases.

The big retailers, closer to the consumer's pocketbook than the hide market, are not likely to jump retail prices. The trend is in the other direction.

Regal Shoe Co., whose 105 stores are scattered across the continent, tested consumer demand in its own stores, wisely threw its famous one-price policy out of the window, introduced the Regal Budget Shoe, made in the Regal factories to parallel at a lower price level the regular Regal Reproduction Shoe. Regular line prices were reduced from $6.60 last year to $5.55. The Budget Shoe, limited in pattern and highly standardized, sells for $3.95.

Regal September sales registered gratifying increases, jumped 36% in number of pairs over the same period in the same stores in 1931, according to E. J. Bliss, chairman of the board.

The Melville Shoe Corp., this country's largest retail shoe business, has likewise revised prices downward in anticipation of continued contraction of consumer purchasing power. This company has 486 owned stores in 216 cities located in 36 states, mainly east of the Rockies. In 1931, its sales totalled 6,470,720 pairs with dollar volume of $26,286,518.53.

Melville Shoe is exclusively a selling organization. It was in 1920 that Frank Melville, Jr., present chairman of the board and still active head of the business, proposed the then revolutionary idea that the shoemaker should stick to his last and the shoe salesman sell shoes.

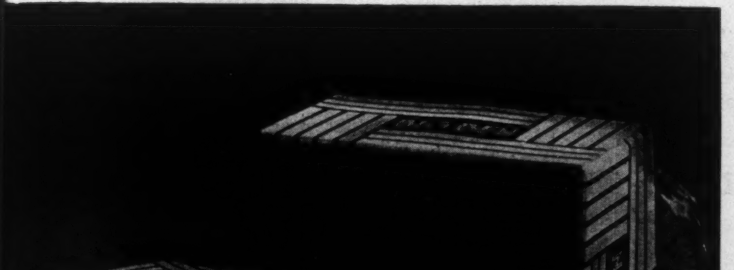
He later entered into an arrangement whereby J. F. McElwain Co. handled the manufacturing, Melville Shoe Corp. the merchandising.

To sell the shoes, the Thom McAn chain was created, named by (John) Ward Melville, president of Melville Shoe, son of Frank Melville, Jr.

These Thom McAn stores now number 445. Of these, 310 sell men's and boys' shoes only, 150 are the new "Gold Line" stores which carry women's shoes, too. Prices in these stores are $3.30 for men's shoes which were $3.60 last year. Women's shoes were $4, were reduced to $3.35 and $3.85, are now all one price with the men's—$3.30.

In the 29 Rival stores run by Melville, last year's $5 shoes are now $3.40 and $4. In the 12 John Ward stores, the company's quality group, prices last year ranged from $7 to $9, are now $5, $6, $7.

Shoe sellers, generally, see maintenance of the present price level for some time. Prices for the various qualities are lower than in years, back to pre-war in many cases. As in other industries (automobiles for instance) a tendency to trade down is apparent. Reduced incomes have pushed buyers of higher-priced shoes into the lower cost brackets. Makers of lower priced shoes have taken every advantage of this movement, profited thereby. Even quite recently, cheap shoes were definitely stamped as cheap shoes by their very design. Now, it takes an expert eye to distinguish Bond St. from Brockton.



The Business Week

STAGING BIG BEN—*The first alarm clock to feature design and a name has been styled again and given, too, a new package. Henry Dreyfuss, creator of stage settings, turned a hand to the job; says you're supposed to notice the pattern leads the eye clockwise and has five lines, representing the musical staff, in honor of Big Ben's chime*

Road Machinery, Tractors Form Merchandise Merger

THE Austin Western Road Machinery Co. and the Cleveland Tractor Co. have worked out a merchandise merger, another sign of a trend (*BW—Sep28'32*).

The Austin Co. has taken over the

The Business Week

$20 Millions for Modernization—*Part of Philadelphia & Reading Coal Co's huge program is its second big central breaker, replacing small breakers scattered over 10 square miles. Change from older systems to a cleaning process using sand and water has resulted in better control, better economy, and a better product*

sales of the Cleveland Tractor Co. in nearly 30 states. They will take over the rest of the country just as fast as existing Cleveland sales contracts run out.

Austin is by far the largest concern in that field. It operates about 40 branches. It also has a large number of agents and dealers.

This move does not involve any intercompany financing. It is significant in the light of previous combinations in this field. In 1928, the Caterpillar Tractor Co. bought the road machinery business of the Russell Grader Co., paying partly in cash and partly in stock. Some time afterward the Allis-Chalmers Co. purchased 2 smaller road machinery companies outright. It had previously bought the Monarch Tractor Co.

The Caterpillar Tractor Co. and the Allis-Chalmers Co. moves were made to provide a complete line of road machinery for the agents and branches of each concern. The Austin Co. is accomplishing that result without increasing its capital structure. It believes, says S. F. Beatty, president, it can sell and service the added line with no more overhead, little extra cost.

This "Merchandise Merger" Succeeds, Is Expanded

Even those who have tried it think commercial cooperation worth while. In July, 1931, Western Union and American Express got together informally. Western Union offices began selling American Express money orders and traveler's cheques; American Express offices accepted Western Union telegrams, cablegrams, and telegraphic money orders.

Mutual aid activities have just been extended. Western Union offices now handle a new foreign mail remittance service with American Express.

Western Union workers have been schooled in the intricacies of foreign exchange; offices in 1,500 cities have been provided with the necessary money changing tables. Purchasers may specify payment abroad in dollars or foreign currency. The local Western Union office transmits the order to the Express Co. at New York, which mails the instructions to its representative abroad, who makes the payment.

Coal Wage Discussions Move as Forecast—Slowly

Wage negotiations between the anthracite operators and miners proceed about on the schedule forecast by well-informed observers. It is a slow schedule. There will be no wage adjustment in time to have any effect on coal prices this winter.

A board of 6 operators and 6 miners has been in session for about a month. The operators have presented their request for a reduction in wages to correspond in some degree with the deflated price of commodities. The miners have resisted (*BW—Sep7'32*). Both sides have agreed on but one point; that they will seek lower freight rates on anthracite.

As further provided in the contract, both sides now will choose 3 names; from the 3 names the operators submit, the miners will choose an arbitrator; from the miners' nominees, the operators will choose one.

The board of 2 may take 90 days to reach a decision. If it cannot, it "may" —but does not have to—choose a third member.

Ohio Coal Roads Back At Start, But Poorer

Typical price-cutting cycle: (1) Somebody cuts prices to gain an advantage over competitors. (2) He captures a market, upsets established balance. (3) One by one, competitors meet his price, or beat it. (4) Balance restored, everyone getting his same old share of the business—at reduced profit.

Ohio coal freight rates seem to have completed the classic pattern. The Ohio river improvement let Pennsylvania-West Virginia coal into Ohio industrial towns at prices Ohio mines couldn't meet. Wheeling & Lake Erie cut rates recently to give Ohio fields the market and itself the tonnage. It succeeded; Ohio mines got 4,000 tons a day new business. Now the roads serving Pennsylvania–West Virginia fields and Ohio river transfer points have met the new rates, hope to freeze the Ohio coal fields out again.

Cleveland, Akron, Dayton industrialists are bearing up nobly. But the railroads have a headache—notably Nickel Plate, supported in large part by Wheeling earnings, and tottering on the brink of receivership. Also the C.&O., which may have to cut rates from Southern fields.

The I.C.C. will hear all about it Nov. 9.

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19 Ledger posted, Journal written, Sales distributed in one operation.

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20 Remittance Advice, Departmental Purchase Record, Register of Approved Invoices posted in one operation.

21 Maturity Record, Departmental Purchase Record, Built-up Voucher, Audited Invoice Register, Check and Check Register. Two or more related records written in one operation.

22 Remittance Advice, Purchase Distribution Ledger and Voucher Register posted, and Controls established in one operation.

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Shadow of Impending Change Hangs Over Bankers' Meeting

But A.B.A. is reconciled to certainty that banking issues will be settled without its votes

THE 58th annual convention of the American Bankers' Association at Los Angeles last week met in somewhat less strained and solemn circumstances than the 57th last year on the shores of the stormy Atlantic. It was better attended and the members were able to linger amid the glamors of Hollywood after it was over, without rushing off to see if their banks were still there. They even resolved that the business upturn had come, and the new president Francis H. Sisson, vice-president of Guaranty Trust, said that the worst of the depression is over and prophesied speedy recovery. But despite this sunny atmosphere the session was overshadowed by a sense of inevitable and profound changes impending in the banking system as a result of the depression and its effect on public opinion.

The association finally recognized frankly that its membership is hopelessly divided on the branch banking question, and by resolution decided to leave all action or agitation on the issue to the constituent divisions. This means that the association as a body intends henceforth to withdraw opposition to proposals for extension of branch banking by national banks within the states regardless of the state laws. Such proposals will still be bitterly fought as before by the state division and other sections of the association, but the A.B.A. itself feels that its usefulness in dealing with broader questions of financial policy may be crippled if it allows itself to be split open on this issue.

Can't Buck the Current

Behind this is a recognition of the irresistible drift of public opinion toward a determination to strengthen the banking system by far-reaching legislation in the coming sessions of Congress. With a third of our banks wiped out during the past 11 years, and a fifth of the remainder being helped by the R.F.C., it is impossible for the association to oppose flatly all proposals for improvement of the banking system.

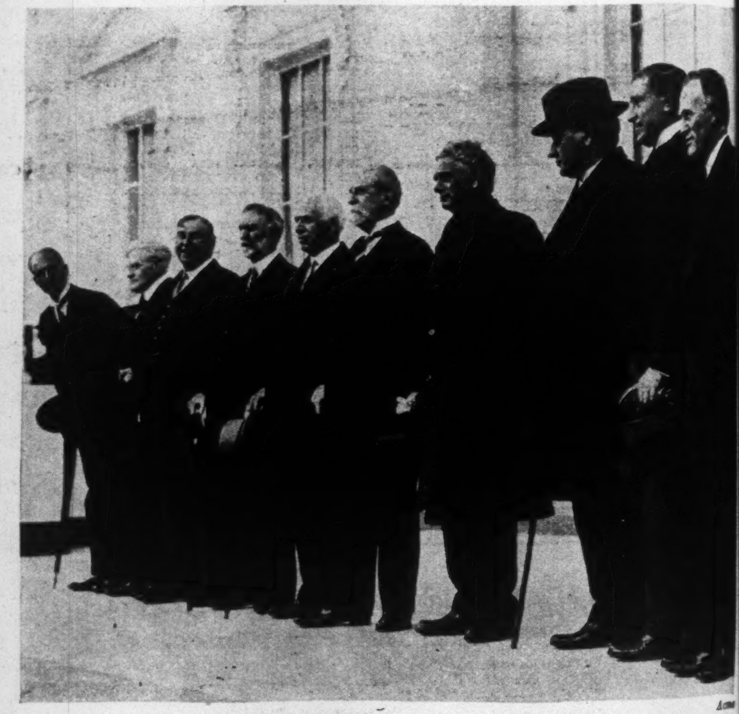
While it adopted the usual resolutions opposing bank deposit guaranty proposals as well as those for regulation of bank investments included in the Glass bill, it showed itself keenly aware that the Glass bill or something like it is on the way and has begun to reconcile itself to the prospect of federal bank reform. In 1930 it got as far as an endorsement of city and country-wide branch banking for national banks where state banks were granted the same privilege; but the side-stepping of the whole issue by the association last week was the first real breach in its solid front of resistance to change.

The report of the economic policy committee (now headed by Colonel Ayres) indicates that a line of retreat may be in preparation on the deeper problem of unification of our banking system. Although the Federal Reserve Board, unlike the Comptroller of the Currency, has not yet declared itself on the branch banking question, it has, through Governor Meyer's critique of the Glass bill, put itself on record as favoring universal bank membership the Reserve system, and the A.B.A. well aware that the drift of publ opinion, especially in business circles, strongly in that direction.

The economic policy commission its report of course continues to uphol the sanctity of the dual system of sta and national banks as a matter of ab stract principle, but takes occasion extol the virtues and benefits of th Federal Reserve during the difficultie of the depression and to express th hope that its sphere of influence will b gradually enlarged as more of th weaker and superfluous state banks dis appear and more of the stronger banks both national and state, come in.

The Long Rivalry

This praise of the Reserve system however, is an indirect recognition o the real issue which lies beneath both the branch banking controversy and th unification question and which has bee raised by the steady weakening of th whole banking structure as a result o the rivalry between the state and th national banks, whether in the Reserv system or not. The state banks as whole have been more profitable tha the national banks, but the mortality and the hazard to depositors have bee



Acme

PRESENT AND ACCOUNTED FOR—*Attorney-General Mitchell looks down the line of Supreme Court Justices calling at the White House to notify the President that the Court is in session. Left to right, after the Attorney-General, Justices Cardozo, Stone, Sutherland, Van Devanter, Chief Justice Hughes, Brandeis, Butler, Roberts, Thacher* ater. The steady shift to state rters to take advantage of greater fitableness under the laxer state ulation and the simultaneous tend- y to relax the national banking laws order to help the national banks meet competition of state institutions n within the Reserve system have ded to lower standards all along the and weaken the whole system.

Where Interests Clash

The proposal to extend state-wide nch banking privileges to national nks by federal legislation is essen- lly an effort to offset the competitive antages of state banks and will be enuously opposed where state laws do allow the same privilege to state nks. Vice versa, the national banks demanding the same privilege where e laws permit branch banking for e institutions, as is now the case in isconsin under the recent law per- tting "deposit stations" for state nks.

The A.B.A. tacitly recognizes that the vitable and logical solution of the blem is unification of all banks un- the Reserve system, with uniform nch banking privileges for all; but long as so large a part of its member- p is composed of independent unit nks it cannot go much farther than say nice things about the Federal serve system until public opinion ces a change through Congress.

Political Uncertainty

The outlook for Congressional action clouded by political uncertainty at moment. Governor Meyer is for fication and former Comptroller Pole s an advocate of "trade-area" branch king for the national banks, but his cessor has not yet been chosen. The erve Board's expected report on nch banking has not been released. A Democratic election victory and pecially a Democratic Congress would ke the outlook for action on the Glass l much better, but it is doubtful if short session, largely with a lame ck membership, will be able to push through, so that the whole question is ely to be left to the following session. In the meantime, the U. S. Chamber s come into the picture with its bank- g report, soon to be referred to mem- rs, advocating state-wide branch nking for national banks. Although the main the Chamber's other recom- endations, on regulation of security filiates, investment policy, etc., are in reement with the conservative attitude the A.B.A. toward the Glass bill oposals, the report is another indica- on of the drift of business opinion.

The march of
RETAIL TRADE

In 1799, Wall Street was New York's fashionable retail section. Today Fifth Avenue is one of the world's great shopping centers. In 1799, a director of The Manhattan Company —William Edgar—conducted a mercantile business at No. 7 Wall Street. Today some of the directors of this Company are directors in great Fifth Avenue stores.

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Shannon's Show, Good As It Is, Won't Put U. S. Out of Business

YOU are listening in, these days, to the program of the Shannon committee which, with excellent showmanship, is dramatizing the picturesque and sometimes amusing activities of the government in competing with private business. It is and will be a good broadcast, running along until spring, but when the series is all over, Washington suspects very little will happen.

Embattled business men have eagerly come forward to tell how the government salvages ships, tailors uniforms, sells sporting rifles and even pink silk pajamas in competition with private business. Something may be done about it, but not much. All these activities involve jobs for someone's constituents or give service the voters demand. Anyway, they are small change compared with the Farm Board and the Inland Waterways barge lines fostered by Congress itself.

Prison Competition

Take the white duck manufacturers. They protested bitterly to the committee that the government now is making 25% of the entire national output of duck. So it is. The duck is used for mail sacks; it is made by prisoners at Atlanta penitentiary; everyone agrees there has to be work for prisoners; making duck for mail sacks seems to the Department of Justice one of the least competitive activities that can be contrived.

Government competition with private business manifests itself in 200 forms. Representative Shannon estimates it deprives private enterprise of $500 millions gross income annually.

Direct competition is typified by sale of stamped envelopes and wrappers, of light and power by the Reclamation Service, the barge lines.

Can Swap Orders

Indirect competition includes manufacture by the government of articles or services purchasable from private industry—as construction of about half of the naval vessels and their main engines, armor, and armament; printing and binding, considerable foundry and machine work.

Congress at the last session passed legislation which now authorizes the 10 executive departments with all their offices and bureaus, and 77 independent agencies, to place orders for any equipment, supplies, or services which any other department or agency may be equipped to furnish, unless, in the judgment of the purchasing agency, such work can be more conveniently or more cheaply done by a private firm. The National Association of Manufacturers comments that this policy gives private industry a chance only at the discretion of major and minor bureaucracies.

Some competing activities may be grouped as follows:

Manufacturing — The government makes large quantities of paint, ink, and glue, medical and hospital supplies; tabulating machines, and other office equipment; clothing, harness, dairy products.

Service and Merchandising — The Farm Board, the market news service of the Department of Agriculture, lumbering by the Forest Service, ships' service stores; army post exchanges, laundries, restaurants and cafeterias; cooperative buying organizations of government employees.

Transportation — Barge lines on the Mississippi, army and navy trans[illegible] services, the Panama Railroad S[illegible] Line, the Alaskan Railroad, [illegible] aid highway system, the parcel post.

Finance — Postal savings, postal money orders, farm loans, life and marine insurance.

Construction — Vast projects [illegible] out by the U. S. Army Engineer Corps and a score of other agencies.

And then, of course, there [illegible] Congressmen themselves who pu[illegible] ous matters through government departments, or look after matters [illegible] Washington for individual constituents. Thus they do some lawyer out of [illegible] legitimate fee. But the committee won't go into that.

Penny Postage Increase Has Proved Pound Fooli

MEDITATION on the law of diminishin returns may move the Post Office Department to an innovation in its metho of handling first-class mail. Since use of the telephone and of messe service to escape the 3¢ rate has natu been most pronounced and persis in the handling of local correspon

POST OFFICE
GR

Glob

POST BOOTH—*One of the clerkless post-offices now being installe throughout Britain. It has a commodious telephone booth, a mail bo and two stamp vending machines, is open for business 24 hours a da* department heads are thinking of asking Congress [illegible] modify the increase so that [illegible] will apply only to out-of-town mail, [illegible] home deliveries at 2¢.

[illegible]gton, however, feels that the [illegible]¢ rate will probably be restored for all first-class mail soon after Congress con[illegible]s. The 1¢ boost that was expected [illegible]d from $135 millions to $150 mil[illegible] to postal receipts has left them about where they were a year ago. Business has met the added impost by putting [illegible]e of its correspondence in lower cl[illegible] resigning itself to slower serv[illegible] [illegible]lling up its customers and delivering its bills by hand.

Meanwhile, the department has made some concessions to the economy demand in its revision of parcel post rates, which went into effect Oct. 1. Along with increases in rates on parcels mailed to the first 3 zones are cuts in cost of long-distance delivery for several of the igher weight classes, it increased the weight limit to 70 lb., the size limit to 100 in. of combined length and girth.

Parcel post mail was handled at a loss of $15 millions in 1930, but all the osses came on service in the first 3 ones.

us Package Service Making Steady Growth

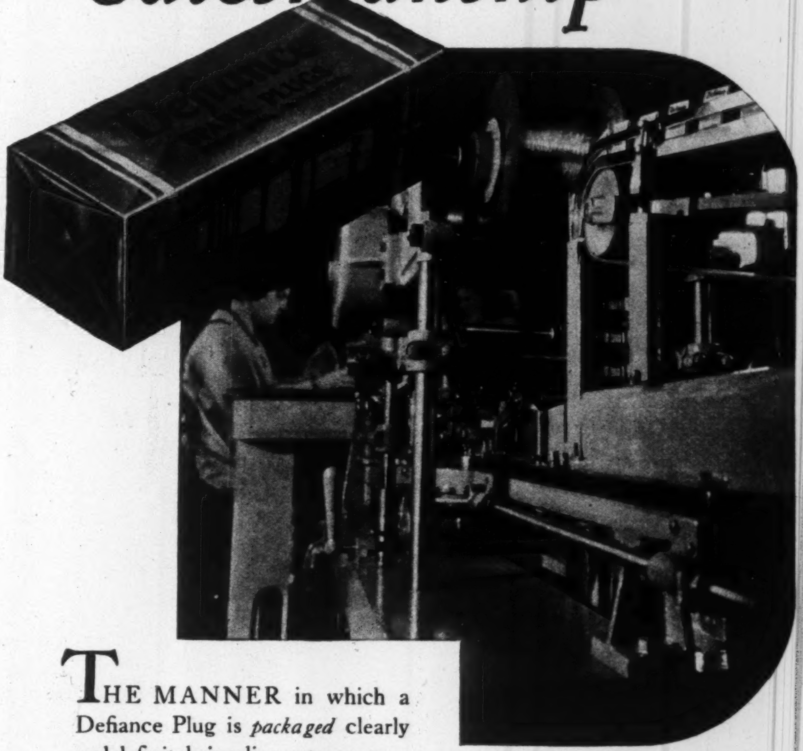
BUSES are developing express service at an accelerating rate. Main sales point is not rates, which nevertheless are reasonable, but convenience and speed.

Service began with drivers who would undertake to bring purchases to customers in small communities, keeping the fee as a sort of tip. Operating companies saw a new source of revenue and took over the trade on a service basis, with regular rates and full liability. Now many lines give not merely prepaid, but C.O.D. service. Some even offer pick-up and delivery.

Prompted by rail employees, state commissions are taking notice. Washington state, Iowa, Minnesota, Oklahoma, Ohio, Florida, Michigan, and others have issued regulatory orders, recognizing the traffic.

Passengers seem not to object, for the reason that they are little discommoded. Most of the traffic, after all, originates at terminals where there is plenty of time for loading.

C.O.D. fees run from 20¢ for a $5 collection to $1.50 for $500, but the upper limit is accepted by only one line. Most lines will take shipments valued at not more than $200. Rates in general are below rail express.



« « « « « « « "Package" « Salesmanship

THE MANNER in which a Defiance Plug is *packaged* clearly and definitely implies extreme care in manufacture. When you buy a Defiance Spark Plug, you find it securely sealed in an attractive Cellophane wrapper. You can be sure that it is as perfect in every way as when it passed the last careful check-up in the Defiance plant.

One cannot help but feel that a manufacturer who takes such extreme care in packaging his product, must be equally exacting throughout his entire manufacturing process.

This is sound merchandising—and it is being successfully applied to many other products besides spark plugs.

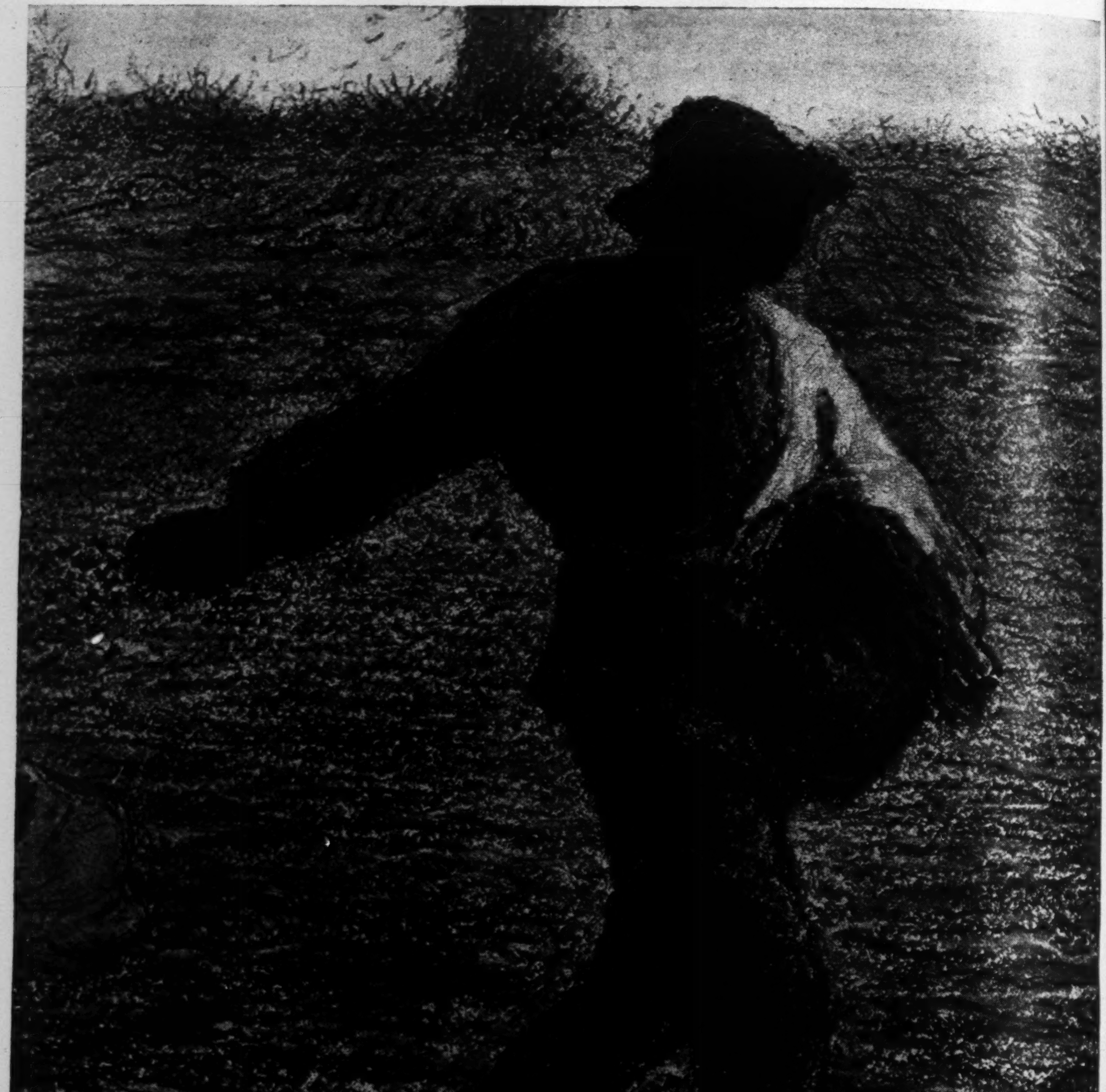
Defiance Spark Plugs are one of the great variety of articles which are wrapped on the machines of the Package Machinery Company.

Our business has been built on our ability to provide machines which produce outstanding packages—*packages that sell.* In our organization you will find years of experience, and an intimate knowledge of modern packaging trends to assist you in solving your packaging problems. Get in touch with our nearest office.

Package Machinery Company
Springfield, Massachusetts
New York Chicago Los Angeles
London: Baker-Perkins, Ltd.

PACKAGE MACHINERY COMPANY
Over 200 Million Packages per day are wrapped on our Machines

[TO EXECUTIVES WHO WANT TO MAKE MONEY IN 1933]



MILLET'S "THE SOWER"—FROM A PHOTOGRAPH BY BRAUN & CIE

Behold,

a sower went forth to sow

Some seeds fell by the wayside . . . some fell upon stony places where they had not much earth . . . some fell among thorns—but others fell into good ground and brought forth fruit, some an hundredfold.

●

Men who guide large enterprises this year are giving time to *details*. They are resuming authority which in easy years was largely delegated.

Advertising—on which depend sales, profits, dividends, employment—is important enough to engage the time of the president, chairman, director, sales manager—as well as the advertising department.

Capable executives know the wisdom of *concentrating* sales effort on Grade A outlets and Grade A territories . . . of choosing those newspapers which deliver circulation *concentrated* in Grade A cities and Grade A territories.

Waste circulation . . . ghost circulation . . . scattered circulation . . . inflated circulation . . . must be avoided. Not one dollar should be sown by the wayside . . . or in stony places or among thorns.

Scripps-Howard says "Concentrate Your Advertising Where Sales Can Be Made At Greatest Profit."

SCRIPPS · HOWARD
NEWSPAPERS

MEMBERS OF THE UNITED PRESS . . . OF THE AUDIT BUREAU OF CIRCULATIONS AND OF MEDIA RECORDS, INC.

NEW YORK *World-Telegram*
CLEVELAND . . . *Press*
BALTIMORE . . . *Post*
PITTSBURGH . . . *Press*
SAN FRANCISCO . . *News*
WASHINGTON . . . *News*
CINCINNATI . . . . . *Post*
COVINGTON *Kentucky Post*
—Kentucky Edition of Cincinnati Post
BUFFALO . . . . . *Times*
INDIANAPOLIS . *Times*
DENVER *Rocky Mt. News*
TOLEDO . . . . *News-Bee*
COLUMBUS . . . *Citizen*
AKRON . . . . *Times-Press*
BIRMINGHAM . . . *Post*
MEMPHIS *Press-Scimitar*
ALBUQUERQUE . . . . *New Mexico State Tribune*
YOUNGSTOWN *Telegram*
FORT WORTH . . *Press*
OKLAHOMA CITY *News*
KNOXVILLE *News-Sentinel*
HOUSTON . *Press*
EL PASO *Herald-Post*
SAN DIEGO . *Sun*
EVANSVILLE *Press*

230 PARK AVENUE, NEW YORK · CHICAGO · SAN FRANCISCO · DETROIT · LOS ANGELES · ATLANTA · PHILADELPHIA · BUFFALO · DALLAS

Census Traces New Trends In the Perennial Job Hunt

But reveals that 10-year increase in women workers has occurred largely in fields already conquered

THE professions, the domestic and personal services, and the trades are making the biggest percentage increases in the drift of America's 48.8 millions of gainful workers away from agriculture, mining, and forestry into offices, factories, stores, and servants' quarters. In the last census decade those 3 in the order given increased their ranks 49.9%, 46.5%, 42.8%. This was, of course, before the depression got its teeth in the employment totals.

What's Woman's Work?

While these changes were going on there was an increase of 26% in the number of gainfully employed women compared with one of 15% for men. But the evidence now in shows that women have merely increased their hold on those fields where they already predominated—such as the professional, domestic, and clerical services—have lost ground in most others.

This evidence, available in the recently released figures on the census of occupations taken as of Apr. 1, 1930, reveals other important trends, less significant now than in recovery.

The manufacturing and mechanical industries continued to absorb the largest share of the gainfully employed, but the 14.1 millions so classified form a smaller part of the total working group of 48.8 millions than a decade ago, 28.9% as against 30.8%. Moreover, the rate of increase in this group has been at a slower rate than the population growth of the country, a bare 10% against 16%. Women employed in the manufacturing industries declined 2% in number.

Post-War Gains

Important gains in this occupational classification appear in the groups attached to the building industries, such as contractors, painters, plasterers, structural iron workers, and laborers. These increases undoubtedly followed the post-war spurt in construction activity that characterized the decade 1920-1930. Gains in the chemical, clothing, food, automobile, electric light and power plants, and electrical machinery and supply industries reflect the increased mechanization of economic activity in the United States.

Large percentage declines were reported for blacksmiths, dressmakers not in factories, tailors, glassblowers, machinists, milliners, iron moulders, cigar and tobacco workers, ship and boat builders, car and railroad shop employees, piano and organ mechanics.

Agriculture remains second in importance on the basis of the number of workers employed, but the 10.5 millions attached to the cultivation of the land represent only 21.4% of the total working group in 1930 against 25.6% a decade previous. Women agricultural workers declined over 19%, while men laborers gained 10.5%. Farm owners, tenants, managers, and foremen declined by 400,000 or 6%.

The 43% increase in the number of persons attached to trade is accounted for particularly by the large number of both men and women attracted to the selling fields in retailing, insurance and banking. Sales persons increased by 876,804 or 74%; retail dealers by 375,247 or 28%; insurance agents by 137,009 or 114%; stock brokers by 41,341 or 140%; real estate agents and officials by 90,895 or 61%.

More Domestic Jobs

The domestic and personal field, absorbing 10.1% of the working population in 1930 against 8.1% in 1920, gained 46.5% in the period. This group is largely composed of women who were more than 993,000 more numerous in this field than in 1920. Large gains were reported in the cleaning, dyeing, and pressing occupations, also in the number of barbers, hairdressers and manicurists. An interesting feature is the shift in laundry service from the home to the commercial laundry. Laundry owners and operators doubled in the decade, while launderers working in homes declined 9%. Restaurant keepers nearly doubled.

In clerical occupations the number of men and women are almost equally divided, though women in this group gained 40% in the decade against a 21% increase for men. Stenographers, bookkeepers, and clerks accounted for the increase.

Transportation and communication engaged 3.8 millions, a 24% gain over 1920, reflecting the enormous growth of the automobile and telephone industries. Chauffeurs, truck drivers, and tractor drivers increased by 687,373 or 241%; garage owners and managers by 27,814 or 66%: street and road laborers by 179,995 or 142%; telephone operators by 58,724 or 31%. The number of aviators increased by 4,785 or 365%, a sharp gain in a new transportation field. Declining occupations include brakemen and laborers on steam railroads, locomotive firemen, and street railway conductors.

Professional Ranks Fill Up

The sharpest gain occurred in the ranks of professional workers, where both men and women were 50% more numerous than in 1920. At least 12.5% of the working population is now engaged in this field against 10% in 1920. Schoolteaching is becoming more attractive to men, judging by the 63% gain in this class against 34% for women. Women trained nurses increased by 145,000, double the number in 1920. Particularly impressive gains were reported in the number of women architects, authors, reporters, college presidents, lawyers, and librarians, in which fields the number of men was also substantially larger.

The extraction of minerals called for fewer than a million persons, a decline of nearly 10% from a decade ago. Coal mine workers declined by 112,275, or 15%. Oil and gas well operatives increased 19,674 or 23%.

Forestry and fishing occupied only 0.5% of the gainfully occupied population and this represents a 7.3% decline since 1920. The decrease was particularly noticeable in the lumber division. Fishermen show an increase in number of 39%.

The growth of urban communities accounts for the increase in the number of firemen and policemen ranging from 44% to 60%.

Velvets Will Wear A Quality Badge

LATEST to join the ranks of textile manufacturers who are adopting quality standards, to be guaranteed to the consumer by an identifying label, are the manufacturers of apparel velvets.

Five leading manufacturers in this line have organized the Velvet Guild. No fixed standards will be promulgated; fabrics desiring use of the label will be submitted to vote of the membership. Velvets are having a style renaissance this year.

New Sales Tax Finds Mississippian Displeased

Vicksburg Chamber of Commerce
Vicksburg, Mississippi

To the Editor:

The operation of Mississippi's so-called sales tax does not, as your article of the Aug. 31 issue states, "find Mississippi pleased"—if "Mississippi" is used to mean the citizens who comprise this state. It is a fact that the tax is resulting in a much greater revenue than was estimated by the proponents. This condition is, however, exactly what those opposing the tax forecast and was one of the many arguments presented in opposition to the placing of this additional load on our burdened taxpayers.

It is not a fact that the sales tax was adopted in preference to an increased and diverted gasoline tax, for the reason that the gasoline tax was increased and for the further reason that other means than increases in gasoline tax were advocated. It is a fact that the sales tax was adopted in preference to making further desirable and practicable cuts in governmental costs.

It is not a fact that "since the sales tax has been in force, the anxiety of the merchants has subsided," for the reason that the consumers who, in most instances, are forced to pay the tax, are not failing to express their dissatisfaction almost daily; and for the further reason that the merchants are losing business to "out-of-state" concerns.

No well informed person can state as a fact that "no increase in out-of-state buying has been noted." Since the passage of the sales tax there has been a noticeable influx of salesmen selling from samples, taking orders that are shipped direct from out-of-state concerns. And merchants in border cities are losing out-of-state customers.

During the several months that the legislature was considering this tax measure, it was referred to by those who favored it as a tax on business which the merchant would and should pay. However, due probably to eleventh-hour realization that the absorption of the tax by the merchants would actually mean additional losses to them or at best lessen their profits by 2%, these same people began immediately upon passage of this law to state that the tax was never intended to be "a tax on business" but was intended to be a "consumers' tax."

Incidentally, a very strong intimation was made that if the so-called sales tax became operative the ad valorem tax on land would be removed or, at least, lessened.

Do you think for a moment that the farmer is "pleased" when he now knows that practically every purchase he makes is costing him 2% more and at the same time no relief has been given from other taxes.

I am convinced that the real facts regarding this measure should be made known, especially in view of the fact that a few of the counties of this state are now advocating the enactment of a 5% sales tax with the increased 3% going to them for the purpose of retiring outstanding bonds. In other words, instead of reducing expenses and living within their means, their idea is to raise more revenue so that expenditures may continue on the same old basis.

Yours very truly,
W. N. Miner,
Secretary-Manager.

Guaranty Trust Company of New York

MAIN OFFICE	FIFTH AVE. OFFICE	MADISON AVE. OFFICE
140 Broadway	Fifth Ave. at 44th St.	Madison Ave. at 60th St.

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, September 30, 1932

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers . . .	$ 203,355,932.39
U. S. Government Bonds and Certificates.	464,819,497.64
Public Securities	56,245,057.46
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	24,693,165.03
Loans and Bills Purchased	495,152,411.74
Real Estate Bonds and Mortgages	2,045,662.43
Items in Transit with Foreign Branches .	4,004,603.43
Credits Granted on Acceptances	74,593,820.45
Bank Buildings	14,381,404.79
Accrued Interest and Accounts Receivable	7,894,864.18
	$1,354,986,419.54

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	10,830,233.44	
		$ 270,830,233.44
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.		6,983,374.04
Acceptances		74,593,820.45
Liability as Endorser on Acceptances and Foreign Bills		551,849.00
Deposits	$976,925,986.09	
Outstanding Checks . .	25,101,156.52	1,002,027,142.61
		$1,354,986,419.54

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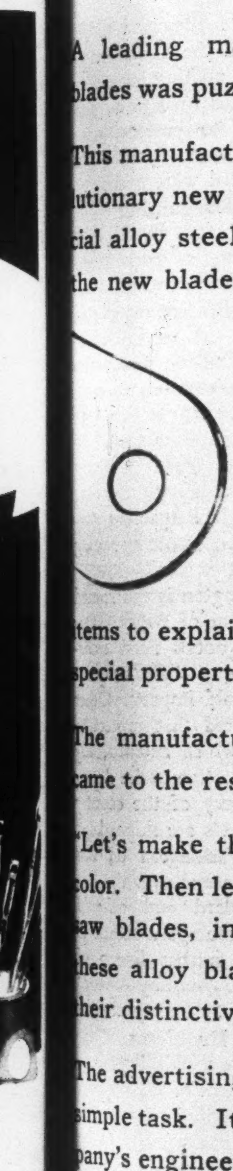
CORNELIUS VANDERBILT WHITNEY	Banker
GEORGE WHITNEY	of J. P. Morgan & Co.
THOMAS WILLIAMS	of I. T. Williams & Sons

A touch of COLOR cured

one company's depression!

A leading manufacturer of hack-saw blades was puzzled.

This manufacturer had perfected a revolutionary new product made from a special alloy steel. It was recognized that the new blades wouldn't look a lot different to buyers than blades of customary high carbon steel. It was also realized that it was expecting too much of human nature for dealers to pause in selling 10,000 items to explain that the new blades had special properties to be found in no other.



The manufacturer's advertising agency came to the rescue.

"Let's make these new blades a special color. Then let's tell the buyers of hack-saw blades, industry by industry, that these alloy blades can be identified by their distinctive color."

The advertising agency had set itself no simple task. It cooperated with the company's engineers in developing a lacquer to hold the color. It designed new packages to identify the blades and new mailing pieces to tell the story to dealers. Then it got down to the main job of creating and producing the advertising campaign to help sell the product.

Within two months orders were placed for three and a half months' capacity production. At the end of eight months the company was still unable to keep up with orders. As a result sales so far in 1932 have increased although the total sales of the industry decreased.

• • •

It's in the work behind the scenes that the advertising agency proves its worth. Often this work shows itself in merchandising ideas as well as in the actual advertising layouts and copy. And the reason why successful advertisers generally use advertising agencies is because they know how agency thinking helps them build business.

McGRAW-HILL
PUBLISHING CO.
INCORPORATED
330 West 42nd Street • New York, N. Y.

Because McGraw-Hill's continued success depends upon the success of its advertisers, we publish this, the thirteenth of a series of advertisements on the value of advertising agency service in the creation of sales-producing campaigns.

Three Strong Reasons Impel Clamor for Tariff Revisions

They are: Drop in domestic consumption, driving force of foreign salesmen, gold price differential

"We need a higher tariff."

It is an old cry. Recently it has been heard in California tuna fish canneries, in Massachusetts where rubber-soled shoes are produced, in the steel mill cities of the East, around Arizona asbestos mines.

There are 3 reasons for current tariff talk. The first is the catastrophic fall in domestic consumption of nearly all products, of some in particular. Steel mills, for example, are producing at barely 18% of capacity and yet are readily meeting current demand. In the face of this diminished market, foreign steel continues to enter the country in only slightly reduced volume. Though imports are still only 3% of domestic output, they bulk large in the eyes of struggling salesmen.

The second reason for talking tariffs now is the new "push" behind foreign producers to find fresh outlets for their products. Import quotas and exchange restrictions have barred them in many old markets. The United States, with high wages and currency still based on gold, offers an outlet which is proving profitable to many. German barbed wire manufacturers, for example, are supplying a fair share of the steadily increasing imports of that product. Flat wire and strip steel imports, while relatively small, more than doubled in the first 8 months of this year. Even pig iron is coming in larger volume.

Gold-less Competition

Third, and probably the most important reason for the latest demands for higher tariffs is the differential on products from countries where currencies are off the gold standard. Japan is the outstanding example just now. Tuna fish, crab meat, rubber-soled shoes—all are entering this country in steadily increasing volume since Japan abandoned gold last December. When the yen was backed by gold, it was worth about 49¢ in American money. Since December it has fluctuated down to about 20¢, is still depreciated about 50%. Naturally, producers of Japanese products not dependent to any large degree on the purchase of raw materials from gold standard countries, are able to sell more cheaply on foreign markets. Canners of tuna fish and crab meat are in a particularly advantageous position. Their methods are highly mechanized. Their labor is cheap. And besides, further to plague American competitors, their stocks are large and they are willing to pare prices seemingly without end.

The cry of "dumping" was inevitable under the circumstances. A few weeks ago there was a rush order from Washington demanding that importers of foreign steel products put up a bond to cover their incoming shipments "because it was suspected that they were being dumped in this country." Protests from importers and careful study of the dumping provisions of the Tariff Act caused the first order to be modified. But the whole matter will be aired before long for it involves a principle long in question between the American steel industry and American consumers.

Imports Look Larger

American imports of iron and steel products for the first 8 months of this year are smaller than they were a year ago, are still only about 3% of domestic output. But several items—including hoops and bands, pig iron, and flat wire—were strikingly larger in the last few months. Foreign producers are pretty well agreed through their cartel to stick to a uniform price for foreign markets. This is openly lower than domestic quotations in several of the countries, just as American copper has often been quoted at lower prices in Europe than at home since the tariff became effective.

Agitation against steel imports has been led by the American Iron and Steel Institute, but in July Pennsylvania, West Virginia, and Ohio industrialists backed a campaign of their own against foreign steel, and Pittsburgh leaders protested to Washington through the National Association of Flat Rolled Steel Manufacturers. Leaders of the opposing camp which stands back of a policy to allow the importation of a "normal" volume of foreign steel products is the National Council of American Importers and Traders. Belgian, French, German, and British exporters will bear the brunt of any tariff increases in this group.

Asbestos entered the fray under this question of dumping. Soviet imports, which have been increasing since 1929, were brought under the scrutiny of the Tariff Commission in an effort to prove that Russian asbestos was being sold under unfair trade conditions in this country. Arizona asbestos producers claimed that mines were forced to close because of this competition, but further questioning has brought the accusation that Canadian producers, who have supplied as much as 96% of the needs of the American market, and whose product is admitted by industry to be the highest quality, have attempted to fix prices. Retort from the Canadians is that they have done nothing more than any other industry has tried to do during the depression to prevent losses through cut-throat competition. The whole question is still wide open.

Tariffs for Bargaining

Major problem before world business now is the freeing of international trade from the shackles which have been built up by tariffs, import quotas, currency restrictions. A world conference is planned for the late winter, following the American elections. Among the 3 or 4 major problems to be solved is some vast cooperative agreement to aid in the free flow of trade. Just now there is a scramble, seemingly, by each big country to better its bargaining position at the coming conference by raising more tariffs.

Obviously, Washington is confronted with a major problem of policy. Domestic markets no doubt need emergency protection from the low-price competition of off-gold imports. Other countries have effected that protection by a flexible tariff which automatically adjusts itself in proportion to the depreciation of the currency of the country from which the exports are shipped. A strong stand by Washington on this score would draw more sharply the line between gold standard and off-gold countries, would encourage a return to gold abroad, or a further lineup of countries such as the "sterling convoy" now attaching itself to Great Britain.

Protection Problems

In the second place, Washington is faced with the problem of determining how much consideration present distress appeals from industry are to be given. But if the domestic steel, and the rubber-soled shoes, and the tuna fish producers are protected, it must not be forgotton that there are at least 60 other groups of producers who are ready to appeal and who probably have just as legitimate a case for protection.

Wide Reading

Our Grab-bag Tariff. Clinch Calkins. *orum,* October. Unusually clear exposition tariff policy in this country, using the cent copper tariff as an example. What es the average citizen pay for the demands special groups? Who wanted the copper riff, and why.

Obsolete Cities. *Survey Graphic,* October. The metropolis is breaking down ancially, is going the way of overproducon, overbuilding, overcrowding, obsolesnce. What is wrong with some cities.

The Common Cold. *Fortune,* October. o one has found a sure way to cure it. nnual costs to the country are $2 billions. reat businesses thrive on it.

Banking Cooperation. *American ankers Association Journal,* October. Seven ints of banking policy on which bankers uld plan widespread cooperation. Map of gional and city clearing houses throughout e country.

BOOKS

The Advertising Agency Looks at adio. Neville O'Neill. Appleton, 233 pp., . Who should advertise over the radio? ow can results be checked? What are the sts? What about television? For the adrtiser, broadcaster, agency representative, d competitor. Opinions of 18 experts.

The Soviet Worker. Joseph Freeman. veright, 408 pp., $2.50. Every salaried merican will be interested in this acunt of Soviet labor laws, hours, unions, ages, social insurance, housing developents, and the cooperatives.

China Today: Economic. J. B. Condliffe, orld Peace Foundation, 214 pp., $2.50. urcebook of authoritative data, interpreted, the major economic area of the Far East. ital to business men who are interested in panding their trade in the Orient.

REPORTS—SURVEYS

The Effect of the British Tariff pon British Patents and Trademarks wned by U. S. Manufacturers. Averan Manufacturers Export Association, 7 pp. ggestions for employing these to assist . S. export trade.

Report on Progress in Manchuria. uth Manchuria Railway (office in New ork), 235 pp. Annual issue of Manchurian urce book; valuable statistics; especially eful in view of shifting events in the Far st.

Shipment of Samples and Advertising atter Abroad. Roberta Wakefield and enry Chalmers. Bureau of Foreign and omestic Commerce, Washington, 377 pp., . Rules and regulations in various counies.

Elements of the Law of Business Acunting. A. A. Berle, Jr., and Frederick S. isher, Jr. Reprinted from Columbia Law eview, 49 pp., $1. Study of rules of acunting which have become rules of law. nly a preliminary study, but valuable as a undation on which further research will be sed.

Radio Markets of the World, 1932. ureau of Foreign and Domestic Commerce, 12 pp., 10¢. Who's buying, and who's not. pecialties.

32 ★ ★ ★ of 36

leading companies in leading industries know that a sure way to get good light at low cost is to use lamps bearing this mark on the end of every bulb.

Here is *one* reason:

Keen buyers know that the last ten years of General Electric research and development work have resulted in a startling increase in the amount of light which incandescent lamps give, for the electricity consumed. To the consumer, the value of this increase in efficiency in lamps of General Electric manufacture was more than one billion dollars. General Electric Company, Nela Park, Cleveland, O.

★ ★ ★ *An actual check of 36 leading companies in basic industries*

EDISON MAZDA LAMPS
GENERAL ELECTRIC

General Electric manufactures lamps for all lighting purposes... lamps for home lighting and decoration, automobiles, flashlights, photography, stores, offices and factories, street lighting and signs. Also Sunlight Lamps.

Brazil Tries to Protect Coffee While Liquidating Revolution

Victorious Vargas will open São Paulo "dam" slowly in effort to prevent price breaks

MORE than 90% of the 25 million families in the United States drink coffee. Annually each family uses about 44 lb. To all of them what happens in Brazil, source of the bulk of our coffee imports, is of considerable significance.

Bankers and coffee importers and the worried Grain Stabilization Corp. (which is still holding nearly 1 million bags of coffee which it received in return for the wheat it traded with Brazil) viewed the situation in São Paulo and Rio critically this week, following the termination of the civil war. Observations were more significant than numerous, were plentifully spotted with "if's."

São Paulo Crowd Beaten

São Paulo politicians, who aimed by revolution to regain the dominant voice in the national government which they lost when Dr. Vargas refused to allow their candidate to come into office following the elections a year ago, are more "out" than they were 3 months ago when the revolution started.

Provisional-President Vargas, however, promises a national election and a return to constitutional government on May 3, 1933, "without fail."

São Paulo, meanwhile, is to be governed by a newly-appointed civil governor.

Coffee Shipments Delayed

Despite the threatened shortage of coffee in world markets due to the fact that the great coffee port of Santos has been blockaded for 3 months, no coffee will be shipped from there until an investigating committee from the national government and the national coffee growers' headquarters make a thorough study of accumulated stocks, accumulated "promises" to growers by the rebel régime. Coffee prices broke sharply the day the revolution was ended, on the fear that dammed-up São Paulo stocks would pour onto world markets.

To secure much-needed loans during the war, rebel officials are reported to have promised that 250,000 bags of coffee would be allowed shipment free from the usual export tax. This the national government now promises to prevent in order to maintain the income necessary for the coffee destruction scheme.

There will be no retaliation against São Paulo. Paper money, issued by the rebels to finance the war, is estimated to have totaled $14½ millions. Rio is planning to legitimize this money by issuing bonds against the former rebel state for that amount.

Colombia Seizes Advantage

Coffee futures, which sold as high as 14¢, are not likely to be maintained at much above 10¢. It is generally felt among authorities that Brazil, no matter how careful her efforts, will be unable to hold coffee prices very steady for the next few weeks, and then that they will stabilize at a figure somewhat below what might have been expected of them had there been no interruption of sales. It is pointed out that Colombia has profited by the restricted shipments from Brazil and that Central American coffees are due on the market soon.

Though coffee stocks in this country are well below the figure for last year, there is no longer any fear of a shortage whether or not the São Paulo negotiations are protracted.

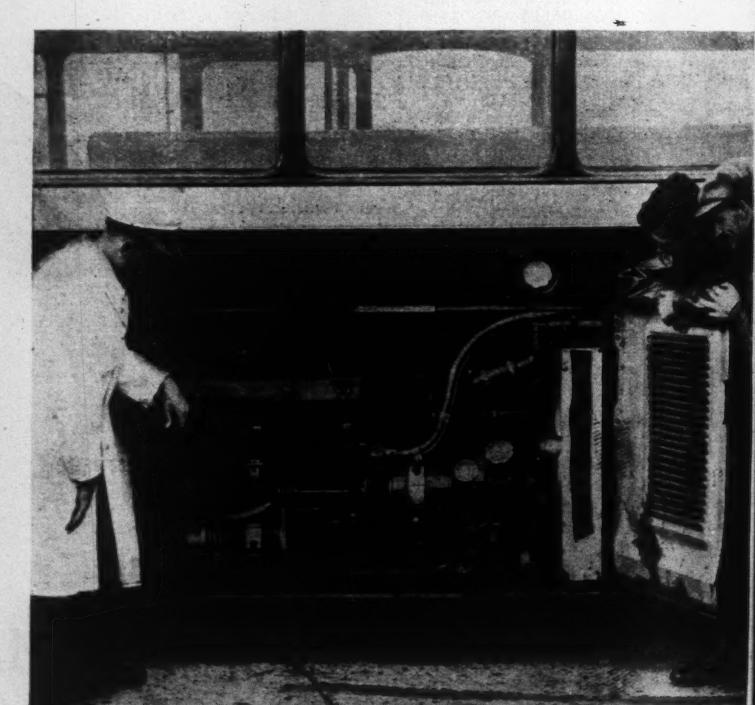
Business generally with Brazil will be restricted for some time. São Paulo is the country's major commercial center. It is likely to recover slowly.

The Grain Stabilization Corp. will probably find it unnecessary to ask for the right to revise the terms of the wheat-coffee barter deal to allow it to sell more than the 62,500 bags a month originally stipulated.

Britain Would Halt Machine Exports by Tax

GREAT BRITAIN, longtime stronghold of free trade, turned definitely to tariffs last winter. Revenue was a minor consideration. The British had merely decided to bargain their home market to the highest bidders.

Ordinarily, there are only 2 fundamental reasons for taxing exports. One is for revenue. Brazil gets an important portion of government revenues from the coffee export tax. The other is definitely to prevent the export of some



Wide World

SIDE ENGINE—*Newest buses for London streets have the engine mounted on the side, under the seats. In this position, it is easily accessible from the outside, permits using the whole length of the bus for passengers* ems which, for one reason or another, e wanted domestically. Britain is w attempting to legislate an export x on used textile machinery.

There was a time when the British, ith plentiful deposits of coal and iron e, and a flair for mechanics, set them-lves up as a great factory nation. Pre-minent among the early industries was eaving. Ships loaded cotton in the nited States, Egypt, India, brought it me and returned with loads of cloth. gigantic industry developed.

Pupils Became Competitors

Then there came the time when other tions set up their own textile business d the British sold machines, taught tives to operate them, and turned to esh markets for their own cloth.

Very recently came the painful real-ation that some of these apprentices d outdone the master. India and pan, for example, with cheaper labor an Britain, began to supply their own arkets almost exclusively with the eaper, coarser goods. Finally, Japan ok other Far Eastern markets away.

This year, with the British textile dustry working at a bare fraction of pacity, and with the growing feeling at labor is not soon going to yield to e more-looms system, certain textile anufacturers have been selling factory uipment at give-away prices to for-gners who find it in good condition d adequate for less skilled workers. ore British markets are threatened. he British want to stop this. An ex-rt duty—if high—may put an end to e policy.

how Boat to Boost atá Shoes in Orient

ZECHOSLOVAKIA's 14 millions cannot sorb the 230,000 pairs of shoes which e famed Batá factories are equipped produce every day. Natural outlets neighboring countries in Europe are rtually closed by tariffs or exchange strictions, though in half a dozen of em the late "shoe king" set up branch ctories which are producing daily 40,-00 pairs of shoes.

Announcement has recently come out Zlin, home of Batá management, that e company is going to sponsor a show at which will put out soon from Dan-g, will visit ports along the east and st coasts of Africa, India, the Indies, rhaps China.

Home trip will not be in ballast. w materials will be purchased in the rient, may even become an argument bargaining.

A memo from the Chicago office seems to be lost.

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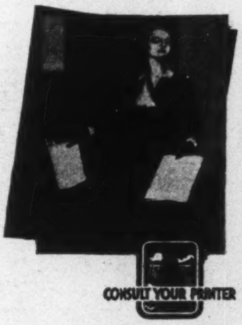

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Business Abroad—Swift Survey Of the Week's Developments

Confidence in the dollar revives. . . . Germans note signs of industrial pickup; employment improves; iron and steel more active. . . . British less optimistic; labor troubles persist. . . . Scandinavians turn from German to British markets; Italy and Holland are indignant over German import quotas, are determined to retaliate. . . . Central Europe gets credit extensions; Rumania plans financial reorganization. . . . Outlook fair; generally unchanged from last week.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Berlin found real signs of an economic pickup this week; London optimism faltered; Paris was featureless beyond a revived confidence in the dollar; Amsterdam tried out its first foreign bond issue in a long time; Vienna was less gloomy; Stockholm was gayly absorbed in the British trade fair. Beyond the generally revived confidence in the dollar, however, there was no outstanding feature in the economic picture.

Dollars turned soft following the revelation by President Hoover that the United States had been in a very tight place last spring, had escaped going off the gold standard by only 2 weeks. But European confidence is returning now, is especially to be noted on the London money market. A fresh run on the dollar is not expected.

German Recovery

The most encouraging signs of recovery have developed in Germany. The von Papen scheme for economic rehabilitation is proving to be effective. Industries—particularly iron and steel, and coal—report greater activity, and a number of the country's largest industrial plants have reemployed large groups of workers. Strike agitation in opposition to the lowering of wage scales as a means of spreading employment is less doggedly pursued this week.

The least favorable development in Germany is the open hostility of various countries to the new import quota system which von Papen decreed as a part of the German plan for meeting external financial obligations. Since exports are increasingly restricted by tariffs and quotas abroad, Germans decided that the country must make a further cut in imports or abandon efforts to maintain a sufficient favorable balance of trade to pay interest. Holland and Italy have refused to listen to German arguments, have made definite plans for retaliation. Other countries are more willing to accept the plan as a temporary expediency measure.

Britain Wins Market

Opposition is the more alarming to the Germans because they are seeing their Scandinavian markets gradually drifting to the British. Denmark cultivated British favor when the Ottawa conference failed to shut them out completely from the British butter market. Then Germany decreed cuts in Danish imports, made British favor even more to be desired. Sweden has lost an important market due to German import quotas, has also invited the British to pay them a visit and show British products in Stockholm. The outlook for German exporters is increasingly less hopeful in these markets.

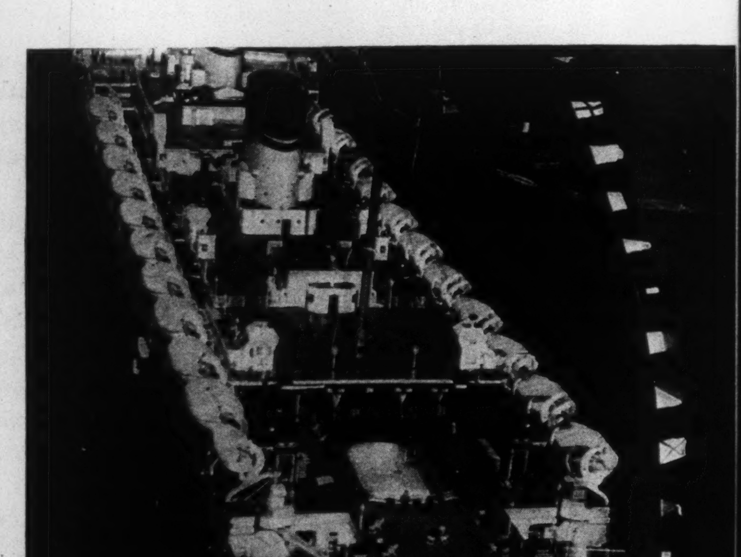
Britain was less optimistic this week. Markets were weak. There is again the prospect of labor troubles in the textile industry. Weavers have settled their strike, but spinners are persistently holding out. Resentment over the ban on new bond issues is spreading, but a conversion revival is under way.

Rumors that the Bank for International Settlements may move its headquarters from Basle to London are not confirmed, but there are authorities in the British capital who believe that the move is imminent.

Special credits to Austria, Jugoslavia, and Hungary have been renewed by the B.I.S. for another 90-day period. The Austrian credit exceeds $12½ millions; the Hungarian totals nearly $17 millions. The Federal Reserve Bank and various central banks in Europe share the loan.

Rumania Aided

Financial reorganization in Rumania under the sponsorship of the League of Nations is being arranged. Rumania has successfully met foreign debts obliga-



International New

LUXURY LINER—*Looking down on the "Rex," king of the Italian merchant marine, as it steamed up the bay in New York. The two swimming pools on the top deck are examples of the unparalleled luxury afforded* ons until now, but there has been a ther serious flight from the currency. Italy is following a trend current in untries where business and banking e strongly under government control. lian banks have agreed to fix a standd bank rate. All banks will have a mmon maximum rate on deposits, and tween 3% and 4% will be paid on me deposits. This is a part of the govnment's plan to divert money into dustrial enterprises.

More Ships Chartered

Shipping focused business interest in veral countries this week. Germans ted a decline in the total of tied-up nnage in various ports, particularly amburg. British shippers have agreed remedy the surplus of tonnage at the esent time by backing a plan for scraping ships rather than tying them up. loyd's reported that for the first time 50 years less than a million tons shipping are under construction roughout the world.

Italy captured the widest interest with e arrival in New York of the new xury liner *Rex*. Next month, Italy's cond bid for popularity on the South tlantic lines, the *Conte di Savoia,* will ake its maiden voyage. Rome plans at all Italian mail addressed for the nited States will be carried on these st new boats. Heretofore, much of e first class mail has gone across ance to one of the Channel ports ere it was carried on the faster liners the North Atlantic service. By using plane service from Gibraltar, New ork is brought within 5 days of Genoa the new fast service.

ermany

Outlook brightened by increased ployment, industrial pickup, incase in savings deposit, decline in e shipping, pickup in steel exports. . Foreigners threaten tariff retaliaon. . . . New scheme to get frozen edits out of Germany.

RLIN (*Cable*)—German business opism, struggling against tremendous ds for many months, consolidated its sition this week. Scanning developnts, even the skeptics had to admit t there was marked improvement.

Unemployment showed a decline of 3,000, compared with mid-September. vings deposits were on the increase. e coal and steel industries were more tive. Textile and rayon mills called ck large numbers of workers. Even the paper and jewelry trades found it necessary to increase their staffs. Freight returns were better than a few weeks ago, and the number of ships tied up in German ports declined. Hamburg especially reflected the increase in export sales. September bankruptcies were fewer than in August. Retail trade, however, was still 20% below the same period last year.

There were other signs of recovery. Strikes, which have threatened in a number of industries because of the cuts which the von Papen plan allowed employers to make if it would allow reemployment on a large scale, have subsided and there is a prospect that further difficulties will not get out of control. Securities listed on the principal Bourses were hopefully resistant in spite of various bear attacks.

Scandinavia Buys British

The most discouraging development during the week was the threat to the export business. When Germany decreed the latest import quotas, which hit a vast list of items exported in fair volume from a large number of countries, exporters warned that there would be retaliation. There is. Holland and Italy refuse to accept the plan, have raised barriers as serious to German imports. After a week of arguing, the Germans definitely have lost their point. These markets are importantly reduced unless the Germans ease their barriers.

There is another threat to German foreign trade. All Scandinavia refused calmly to accept the German exclusion decrees. Denmark, particularly, resented them and has gone after the British market and offered to transfer Danish orders to London. Stockholm is in the same frame of mind. Britain, naturally, is eager to capitalize on this new cooperative spirit, is backing lavish displays of British products in the various Scandinavian capitals. Germany is dismayed. The press is writing about "export suicide." The public is getting alarmed.

Trick to German Loans

The real reason that Germany has made these unusually stiff import barriers is that the country is trying to maintain a large enough favorable balance of trade to keep up payments on the country's foreign debt service.

Besides the vast public debt, there are large private debts tied up in Germany. They are being repaid very slowly. French creditors, eager to get even a part of their money out of Germany, have hit upon a new plan. A group of individuals, willing to take a discount on their German credits if they can get

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cash for them, have formed an organization which gets in touch with German manufacturers eager to sell abroad. They use these credits, which are worth their face value in Germany but cost them much less, to finance the deal, being enabled to quote prices 15% to 25% below those of any competitor. This really amounts to giving the German exporter a subsidy of that percentage on the international market. The French creditor gets a reasonable part of his frozen credit out of Germany through the deal.

France

French confidence in dollar returns. . . . New drive to consolidate Franco-British entente. . . . Budget deficit still a worry.

PARIS (*Wireless*)—The weakness of the dollar on Paris money markets last week was precipitated by Hoover's speech concerning dollar vulnerability during the period of gold loss last spring, but it was substantially aided by a combination of other circumstances. The accusation that Paris is maneuvering an offensive against the dollar, however, is wholly unwarranted since the technical position of the dollar now renders it safe except in the case of an exodus of domestic capital, still not expected.

On the other hand, London's forced selling of accumulated dollar holdings on behalf of her own valuta, the reaction on the New York Stock Exchange causing further European liquidation, and principally the present lack of foreign trade which is a great exchange stabilizer, sent the dollar again to the region of the gold export point.

Paris Confident of Dollar

As a criterion, the movement of dollar futures, which reached only a maximum of two centimes for 1 month and six for 3 months, indicates that bears are not convinced that the United States is, as yet, destined to abandon the gold standard. Paris monetary authority is generally convinced of the impossibility of any foreign exchange's remaining non-fluctuating under present circumstances, with national budgets unbalanced, external trade dead, and gold deposits held in artificial captivity.

The French are proceeding with the consolidation of the Franco-British prewar entente, revived during Herriot's visit to London, as the only method to counteract the growing "German bull in the china closet" politics, which refuse to permit inter-European collaboration.

The 1933 budget still shows an $8 billion deficit and Minister Palmade recommends a 5% cut in the lower, 10% in higher, salary brackets of all government employees, heavy taxation of road transportation, tightening of control on income declarations, formation of a national sinking fund for war pensions, and advancement of the age when pensions become applicable.

Great Britain

Sentiment restrained, but market steady. . . . Ban on new issues resented. . . . Textile labor troubles renewed by 200,000 spinners. . . . Scrapping plan proposed by shipping interests.

LONDON (*Cable*)—British optimism ran amuck this week. Markets were fairly steady, and there was no open break. Labor troubles loomed again in the textile business. Everyone is a bit upset by the prospect of political squabbling over the tariffs in their final discussions in Parliament, and there is considerable uncertainty over the items to be included on the import preference list. The country generally is beginning to doubt the wisdom of tariffs in view of the threatened rise in food prices.

Though the government's conversion of war loans from a 5% to a 3½% basis is over, and fully a success, its effect on the money market is still felt. As soon as the operation was completed, the terms of the embargo on new issues (decreed to assure the right-of-way for the government scheme) were revised.

Foreign loans and industrial conversions involving underwriting and new money are still banned, but ordinary new issues are permitted. Business opinion is that this variation is an example of bureaucratic idiocy. Why an industrialist should be refused the right to convert his high rate debentures and yet have freedom to ask for new capital is not clear.

New Strike Threatens

Britain's labor outlook clouded up this week when the spinning section of the textile industry openly refused to meet the demands of the employers for a 15½% wage cut. Spinners have offered to accept a cut, but have insisted that simultaneously employers should return the 48-hour week. When the employers announced the amount of the cut they were going to demand, labor representatives refused to negotiate further. Not even the successful conclusion of the strike in the weaving section is having any influence on 200,000 spinners.

Three items in the week's news stimulated optimism for the future. The agreement between Dublin and London to negotiate directly the Irish land annuities controversy, while it has a long way to go, gives hope that relations between the 2 countries will be eased.

During the week there was revived discussion of the Haifa to Bagdad railway which is a part of the vast scheme to pipe Mosul oil to the Mediterranean. A British firm is reported to have the contract for the railroad. Materials purchases will be large.

The third development was in the shipping industry. The Council of the British Chamber of Shipping has decided to foster a plan for the scrapping of from one-third to one-half of the 2 million tons of idle British bottoms now tied up in various ports. Old-time shippers declare that many of these vessels are obsolete, that they cannot possibly be operated profitably in world competition again. At the same time there is discussion of a plan for financing the building of the most modern type of new vessels to compete with foreign tonnage launched in the last 5 years.

Latin America

Brazil announces plan to resume orderly marketing of coffee. . . . Chile completely disorganized. . . . Mexico resumes gold exports.

BUSINESS interest in South America still centers in Brazil. With the civil war ended, all attention is focused on the government's plans for the revival of orderly coffee shipments from Santos, which has been blockaded for more than 3 months. Coffee prices, which dropped precipitately when the war ended and the report was received that the port of Santos was opened, stiffened again on Rio announcements that coffee shipments are to be strictly under government control. Business is expected to be slack for some time (page 26).

Chile is still threatened with civil war. Elections are scheduled for Oct. 30. There is no improvement in the economic outlook.

First reports that Mexico has resumed large-scale gold shipments to the United States encouraged the hope that the government might be contemplating the resumption of service on the foreign debt. Rumors that there have been further requests for loans from the oil companies against future taxes, however, deny earlier signs that the government treasury is in a better condition.

ar East

Featureless trend awaiting settle-nt of Manchukuo uncertainty. . . . ck and commodity prices easier; ports seasonally large. . . . Japan d China contemplate construction.

ERE is unsettlement in Far Eastern siness this week due to developments Manchukuo and to the generally er tone on world stock and com- dity markets.

Japan particularly was affected by the k of confidence in European and erican commercial centers. Prices the Tokyo exchange were generally ter than a week ago. Exports, how- r, were still favorable though they e not yet turned the year's balance trade in Japan's favor.

Plans for Manchukuo

Whatever the future of Manchukuo o be, Japan is going ahead with plans develop trade relations. The Japan- nchukuo Fishery Co. has been med to exploit fishery grounds in nchukuo waters and to cultivate the nt demand in the new country for abundant supply of Japanese fish ducts.

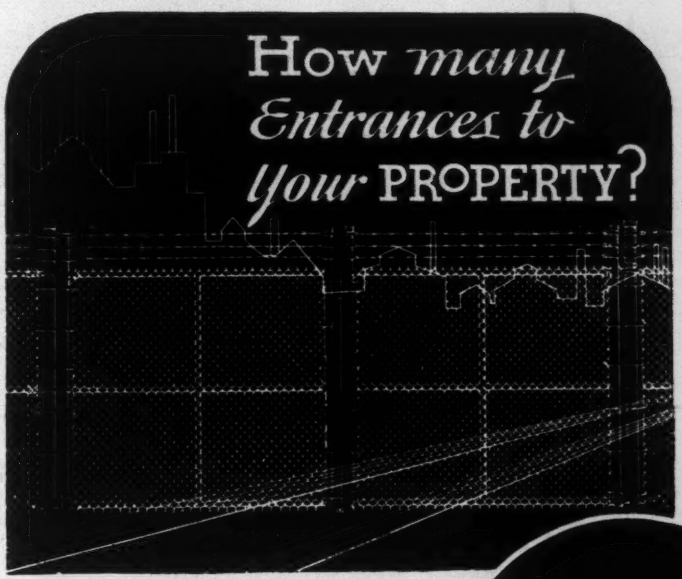
American trade observers in Mukden e that, due to the influence of anese advisers throughout all gov- ment and state-controlled-industry es, a growing share of Manchukuo's ands for foreign products are being plied from Japan. It is pointed out 3 years ago the Japanese supplied % of the direct imports into Man- ria. Today they are supplying nearer %. Imports from the United States he meantime have dropped from 8% ½% of the total.

rade in China is relatively quiet. nand for flour from the United es has improved, and the Hong- g area has taken larger volumes of and steel products. It is reported, he other hand, that a general anti- ign feeling is reviving.

Port Construction

ngineers are paying some attention he fresh talk in Nanking of going d with plans for a new ice-free, -water port north of Tientsin. The is attracting attention because a ious project for a modern port in north has been blasted by the in- on of the site in Manchukuo.

the present scheme materializes, a is to be constructed not far from wangtao at a total cost of $62 ons. Only $23 millions will be on the first part of the plan, which be completed in 5 years.



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The Figures of the Week And What They Mean

Thus far October has brought no startling changes. . . . Steel production continues to expand slowly and hopes for better days soon when railroads begin their repair work and the motor industry starts operations on new models for the January show. . . . Anthracite coal production has leaped ahead of a year ago, and bituminous is closing the gap from last season. . . . Speculation is rife as to whether carloadings reached their zenith with this week's report. . . . Check payments rose sharply in financial centers outside of New York. . . . Commodity prices reflect uncertainty. . . . September department store sales rose more than seasonally expected. . . . Employment in New York State made further gains in the past month, but in motor centers a customary slump is reported.

STEEL ingot production continues to expand slowly in spite of the meager support of the larger steel consumers. Weekly estimates of operations appeared to have erred on the side of understating the increase in the production rate, for the monthly report of the American Iron and Steel Institute indicates a 21.6% gain in the daily output compared with August. A steady improvement is apparent since July. Activity is placed at slightly more than 17% of capacity compared with little more than 14% in the preceding 2 months. Not since May has such a level been reached. At present, trade papers estimate the operating rate has risen to about 19% of capacity, and there is some talk that 25% may be reached before the end of the year. If automobile tonnage comes into the market, the usual December decline in steel activity bids fair to be avoided this year.

The rise of only 15,495 tons in unfilled orders of the U. S. Steel Corp. during September was disappointing to those who had banked on a more substantial improvement. Nevertheless, increases have been recorded for 2 consecutive months following declines i the 16 preceding months. The September gain was 3 times as great as th of August. In face of the higher operating rate of the industry and the prevalence of hand to mouth buying fo immediate delivery, the increases assume added significance in spite of thei smallness.

September Motor Cars

September automobile production i the United States and Canada is estimated at 79,166 cars and trucks, according to the National Automobil Chamber of Commerce. This is a decline of 16% from the total of 94,39 in August. Last year the decline between comparable months equaled 25% and in 1930 only 2%. The season o declining production and sales of moto vehicles is at hand. Companies hav reduced stocks of cars in the hands o dealers to surprisingly low levels an are ready to begin work on new model for the January show. Buick, Chevrolet, and Oldsmobile will be among th first of the new offerings. A new Franklin has been reported to invade the lo priced field.

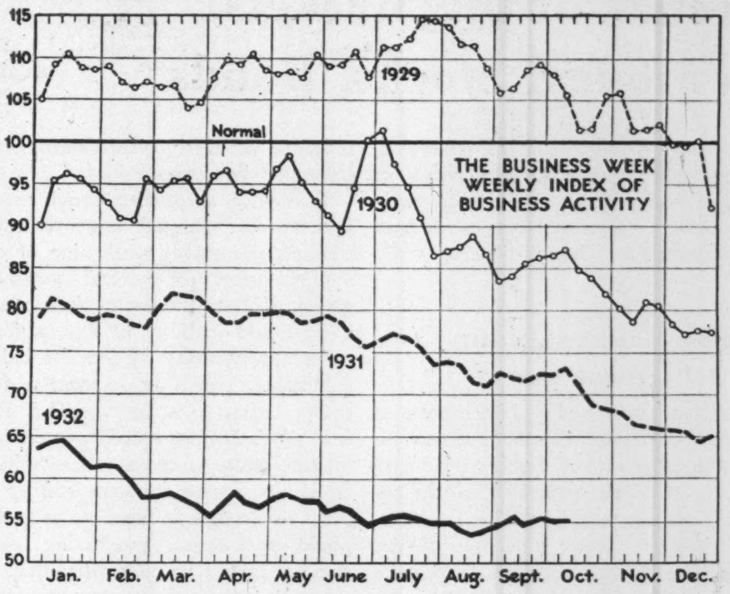
But steel buying by the motor indus

THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*	*Five-Year Average (1927-1931)*
	*55.2	†55.0	73.1	
PRODUCTION				
Steel Ingot Operation (% of capacity)	19	18	29	63
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$5,174	$5,310	$10,213	$17,014
Bituminous Coal (daily average, 1,000 tons)	*1,132	†1,054	1,310	1,669
Electric Power (millions K. W. H.)	1,506	1,499	1,653	1,656
TRADE				
Total Carloadings (daily average, 1,000 cars)	104	99	130	174
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	67	66	85	111
Check Payments (outside N. Y. City, millions)	$3,364	$2,501	$4,900	$6,060
Money in Circulation (daily average, millions)	$5,666	$5,635	$5,437	$4,917
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.47	$.49	$.42	$.97
Cotton (middling, New York, lb.)	$.068	$.071	$.060	$.151
Iron and Steel (STEEL composite, ton)	$29.30	$29.32	$30.78	$34.05
Copper (electrolytic, f.o.b. refinery, lb.)	$.060	$.060	$.068	$.125
All Commodities (Fisher's Index, 1926=100)	61.8	62.2	68.1	88.2
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,241	$2,244	$1,880	$1,446
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$18,882	$18,907	$21,689	$22,107
Commercial Loans, Federal Reserve reporting member banks (millions)	$6,156	$6,185	$7,777	$8,781
Security Loans, Federal Reserve reporting member banks (millions)	4,481	$4,521	$6,081	$7,070
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	$426	$425	$1,001	$3,721
Stock Prices (average 100 stocks, Herald-Tribune)	$84.99	$81.40	$102.23	$151.31
Bond Prices (Dow, Jones, average 40 bonds)	$80.03	$81.56	$86.59	$94.17
Interest Rates—Call Loans (daily average, renewal)	2%	2%	1.5%	4.0%
Interest Rates—Prime Commercial Paper (4-6 months)	2-2¼%	2-2¼%	2-2½%	4.2%
Business Failures (Dun, number)	496	540	518	429

*Preliminary †Revised

The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures —steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week,* May 7, 1930, p. 39.



remains at a low level. Employment Detroit on Sept. 30 stood at 37.4 pared with 44.7 two weeks previous. Cleveland, reduced activity of auto- bile parts manufacturers lowered the eral employment index. Sales of passenger cars in 11 states during tember declined 21% from August, le sales of commercial cars are prac- lly the same as in the preceding nth. General Motors reports a small line in sales to consumers of 6.8% n August to September. Sales to lers continue to be kept well under sales to consumers, and in the first months numbered 420,543 against ,347 units to consumers.

Railroad Equipment Orders

emand from the railroad industry xpected daily as the R.F.C. loans ble roads to begin their repair pro- ms. In the next 60 days orders for year's rail requirements should e an appearance. According to l, domestic freight car awards in tember totaled 1,298, the best total more than a year, but 1,285 of these esent the number to be built by the nsylvania Railroad in its own shops. s leaves but a small hand-out for ipment builders. In the first 9 ths, only 1,687 awards have been e compared with 8,668 in 1931, 35,680 in the same period of 1930. summary of the construction record the first nine months of 1932 ap- s elsewhere in this issue (p. 10). ether the favorable trend in residen- and public works activity will con- e in October remains to be seen. The prospects seem favorable, particularly in the latter group. The *Engineering News-Record* figures for the week Oct. 10 are influenced by the holiday, so that the total of $14.9 millions is not a fair comparison with the $27.1 millions award for heavy engineering work of the preceding full week.

The sharp rise in coal production in the last 2 months has served as the chief support of the increasing railroad traffic. Bituminous output has steadily approached last year's tonnage, having narrowed the gap from about 40% in early July to less than 14% in the week ended Oct. 1. The adjusted index rose to 51% of normal. Anthracite production increased 42% in the week, lifting the total above the comparable week of 1931 for the first time in months.

Electric Power Production

Electric power production during August gained 1.5% over July compared with a 0.6% rise a year ago. Consumption by large commercial users made a sharper rise between these months than in the same period last year. Domestic consumption declined more than in August, 1931. In the week ended Oct. 8, electric power production rose very slightly. The index remained unchanged at 70% of normal.

Carloadings by Oct. 1 have risen 49% since the holiday week of July 9 compared with a 16.5% gain in the same period of 1931, and 22.6% in 1930. Special interest attaches to next week's report on carloadings, since these will give some indication of whether October will sustain the improvement that has been slowly made in the last few weeks. The adjusted index based on miscellaneous and less than carlot freight rose a point to 51% of normal.

Check payments for the week ended Oct. 5 naturally show a sharp increase over the preceding week. The rise was especially marked in the 9 large financial centers outside of New York where the gain equalled 40%. In New York City the rise was only 14.5%. The adjusted index is now 60% of normal.

Currency Circulation

Currency circulation daily average in September was below August by $35 millions, contrary to the usual seasonal movement. Federal Reserve notes continue to be drawn out of circulation as the national bank notes are expanded. Bank suspensions in the week ended Oct. 6 again numbered 15.

Though the comprehensive commodity price index of the U. S. Bureau of Labor Statistics has remained steady for the last 3 weeks of September, other representative indexes have fluctuated more closely with the downward trend of major commodities. Hide, leather, and textile products show a steady rise from August through September, while farm and food products held at a steady level, according to the bureau.

On the exchanges in the last few days, uncertainty and irregularity are the rule. Sagging tendencies characterized cotton, silk, hides, wheat, tin, lead, cocoa, rubber, and coffee. Near months of sugar improved slightly; distant months declined. Copper was steady. Corn and zinc fluctuated narrowly.

Trends of the Markets In Money, Stocks, Bonds

Political oratory sets off sharp reaction in stock market and flurry in foreign exchanges. . . . Banking position and easy money conditions undisturbed, and bonds bear up well.

Dollar Raiders Jump At a Political Cue

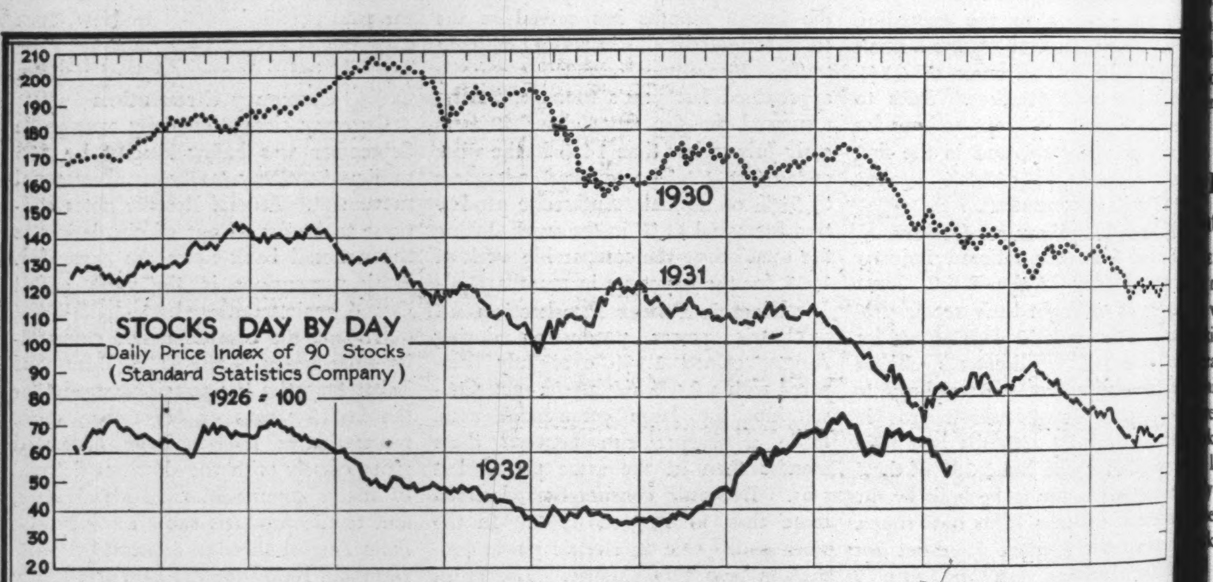
OUTSTANDING financial phenomenon of the past week was a sudden, sharp rise in exchange values of foreign gold currencies under heavy selling of dollars from European sources. This bear "attack" set in toward the close of the week, several days after the President's speech at Des Moines in which he described the Administration's efforts to prevent abandonment of the gold standard at some undesignated period between last fall and this spring. It was preceded by 2 days of moderately severe liquidation in the stock market, with rising volume of turnover, which in turn followed 2 weeks of stagnation and sagging prices. The sequence and significance of these events seems to be somewhat like this:

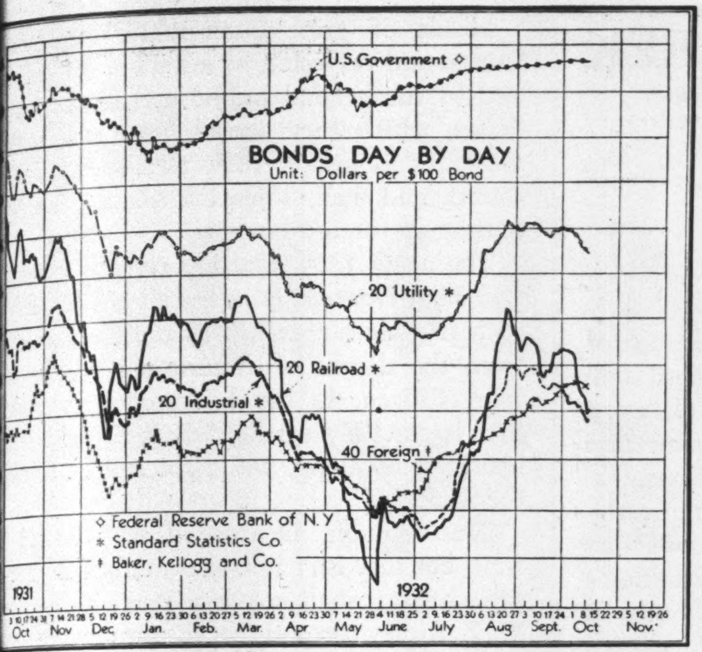
Increasing skepticism about the extent of the seasonal improvement in business and steady weakening of commodity prices for several weeks, together with a moderate rise in short interest and inability of the market to make any headway in the last half of September, put it in a position for a sharp technical setback. The President's Des Moines speech was distinctly disappointing to those interests in the Street that hoped for some further proposal to strengthen farm prices and improve agricultural purchasing power, and his failure to offer what they considered a constructive program gave the signal for heavy selling of the so-called agricultural shares, which dragged down the whole list.

This brought considerable foreign liquidation, but that would not have put any pressure on dollar exchange if it were not for the fact that by this time the significance of the gold-standard passages of the President's speech had sunk in abroad and had given foreign exchange speculators their cue. Exchange speculation has grown extremely active in the erratic conditions of the past 2 years and has attracted from all countries an enormous volume of short-term funds which are shunted back and forth between international money markets without relation to ordinary trade and financial needs. The effect of international currency speculation on the exchanges has been greatly magnified by the abandonment of gold in many countries, and by the extreme thinness of the normal exchange market due to the drastic decline in international trade. It has become much easier to stage currency "raids" than ever before, and full advantage is taken of this fact by the interests involved.

Last week's raid on the dollar was short-lived and was promptly counteracted by American banks with branches abroad. It had no effect on the underlying situation and no special significance from the point of view of the immediate banking position, although it will concentrate attention more closely on the federal fiscal problem and other legislative developments which might affect foreign sentiment.

Gold imports continue, though at a somewhat slackening rate. Currency





tends to return to the banks. Their ss reserves have risen further and now approaching $450 millions, an recedented figure. The continued eme ease of money rates and superndance of idle funds has led to dision of the possibility of sales of rity holdings by the Reserve banks, ition of interest rates on demand osits and reduction of time deposit est rates by New York banks.

ooks Like a Bull t It Acts Like a Bear

slack trading and sagging tone of market since the middle of Septemwas succeeded last week by a severe ing spell which brought the price ages back to the levels of the being of August and wiped out a bit than half the gain from the bearet lows. Having broken through levels of the last reaction from the September peak, it has now bequestionable whether or not the ket can still be considered to be in a phase. It is probable, however, the dominant influences in the ket during this month will be prily political, for the fairly favorable ement of the business indicators is being followed, and in some rets is strangely ignored.

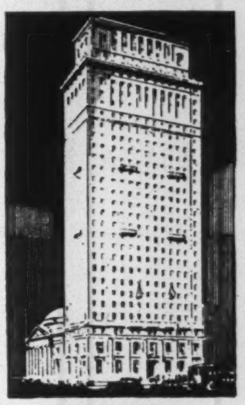
ommodity prices appear to be next mportance to political factors as a et influence, and last week the two closely associated in the sharply pessimistic reaction of stocks and wheat and cotton alike to the President's agricultural ideas delivered at Des Moines. International Harvester, Case, Montgomery Ward led the drop. Foreign selling played a small part.

Easy Money Helps The Bond Market

ALTHOUGH the bond averages have weakened somewhat under stress of the sharp reaction in stocks since Oct. 3, the surplus of funds in the money market is so great and money rates are so easy that the high-grade issues have held their ground fairly well. Good investment issues are in too strong demand to be easily shaken out. Insurance companies and other institutional buyers have become more active in the market as policy loan demands have declined and idle funds have accumulated. The 18 times oversubscription of the Oct. 15 3% Treasury note offering of $450 millions, and the temerity of the British Treasury in offering a half-billion 5-year bond issue at 2% are sufficient indications of the trend of interest rate levels and the bond market outlook.

Favorable as these indications are, the prospects for business improvement would be a bit more encouraging if revival of new issue activity were somewhat speedier. Even new municipal issues are scarce, despite sharp demand which has brought average yields down below 4%, lowest since pre-war days.

Advantages



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THE BUSINESS WEEK

The Journal of Business News and Interpretation

October 19, 1932

Meum et Tuum

THERE is a faith held by many nice old ladies of both sexes that Providence knows best, that there is a good side to everything, that the worst disasters that descend upon the human race bring in their train certain compensations.

We do not subscribe to this doctrine of resignation. Most particularly do we doubt that Providence had anything to do with mankind's current scourge. Man in part wilfully and in part ignorantly created this all himself, without the slightest aid from on high.

In our better moments, however, we do dare to hope some of the lessons so painfully burned into us by events of the past three years will really be learned and remembered, for a while.

Perhaps, for one thing, honesty, just plain honesty, may have a revival of esteem. The real scandal of 1929 was not our collective and unanimous foolishness; it was the fact that common honesty was so hard to find among the business leaders we were following.

It wasn't even recognized as dishonesty. So blunted was our moral sense that men told unblushingly of using their positions as officers and directors to buy and sell stocks of their own companies—sometimes to sell short on inside news, sometimes to buy for the rise in forewarned anticipation of bigger dividends, in either case taking advantage of fellow stockholders—their employers, really.

Heads of venerable and respected houses of issue, with long and irreproachable histories, sponsored securities which sometimes they had not half investigated, such their hurry to get their trusting customers' money, but which sometimes they had investigated all too well.

Bankers bribed public officials of foreign nations to borrow money the nations didn't need, so that the bankers might have bonds to sell to a hungry public. Sponsoring dubious issues, since gone sour, might be just bad judgment; but there is no such mild name for bribery.

Heads of great quasi-public corporatio trusted and respected by a million stockholde and by the general public of half the Uni States, which they served, used stockholde securities to bolster their own speculative a counts, and then, when the smash came, we touring in foreign lands.

The acute J. N. Darling recently cartoone Old Man Depression as a well cleaner, fishin such malodorous things as the Kreuger affa from the depths of American business—wi John Citizen, in the background, remarkin that it certainly smells, but if the old fello hadn't come along, we might still be drinkin the stuff.

True enough, Depression has cleaned th well, but that isn't important unless we are re solved that it shall not be polluted again. Pro W. Z. Ripley currently recites the shame of bus ness with stirring indignation and pitiless par ticularity. There ought to be a law, he ends.

Maybe there ought to be, and if so, Professo Ripley's suggestion of federal supervision, wit the completest and promptest publicity for cor porations, on a prescribed and uniform syste of accounting, probably would help. The sug gestion is good, too, that at the same frequen intervals the stockholdings of all officers an directors be published. Such lists rarely reac the public now; when they do it is sometimes shock to learn that while you were buyin blocks of A.B.C., the President of A.B.C. wa unloading.

But laws will not solve the problem. Law may help us watch men; laws cannot make me honest. Our only hope of higher standards i the years just ahead of us is that business me themselves have been chastened. The wil party is over; as the participants look back, the are ashamed and appalled.

The line between "thine" and "mine," blurred during the wild frenzy of the debauc has become sharp again.

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